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## If U.S. Looks Inward, Then Who's to Blame?

Setbacks for Clinton Raise Concern

By Brian Knowlton  
International Herald Tribune

WASHINGTON — Are Americans turning their backs on the world, as President Bill Clinton recently suggested? Has the "indispensable power," in Mr. Clinton's words, lost interest in the world beyond its front yard? Is Congress partly responsible for this growing self-absorption? Does Mr. Clinton share in the blame? What do the people want?

For a president who appears to be able to ride out any storm at home, and for a country at the peak of its global power, a series of foreign-

First of two articles.

policy body blows to the Clinton administration has left many observers abroad unsettled. For some, U.S. world leadership is unsure and unfocused.

The president was stunned when he failed to secure "fast-track" authority to negotiate trade agreements, with liberal members of his own party deserting him. He was disturbed when payment of back United Nations dues was blocked by an abortion controversy in a maneuver the White House called "utterly boneheaded." And he was embarrassed by his administration's inability to gain approval from Congress for new funds for the International Monetary Fund to contain the Asian financial tempest.

"I am deeply concerned, and I know the president shares this concern," Treasury Secretary Robert Rubin said in April, "that public support for forward-looking international

economic policies may be waning at a time when this country's economic, national security and geopolitical interests require just the opposite."

That foreign policy has eased its grip on the public imagination and on many in Congress seems self-evident. No gun is pointed at Americans' heads, which is to say there is no clear foreign threat. IMF funding, even to stave off an Asian "contagion," does not focus attention the way Soviet missiles in Cuba did.

The bipartisan internationalist coalition that was vital to President Harry Truman and his successors has fractured. A bill like the one to fund the IMF probably would have gotten 60 to 70 more votes during the Cold War than now, a congressman estimated. Debates were simpler; there were fewer detours into unrelated issues like

Pressure builds for House action on funds for IMF. Page 3.

abortion, which has become entangled in both the IMF and UN votes.

With the public's attention drifting, Congress appears less deferential to the president's foreign-policy leadership, and increasingly nationalistic. The president has called the economy his main priority, and his detractors say, focuses on foreign policy only when an impending summit meeting or foreign crisis requires it. By default, vocal interest groups sometimes dominate discussions.

"We're seeing a retreat of leadership opinion," said Karlyn Bow-

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## U.S. and Japan Join to Bolster Yen

Global Stock Markets Soar After Surprise Currency Intervention

By Brian Knowlton  
International Herald Tribune

WASHINGTON — The United States and Japan joined forces for a coordinated surprise intervention Wednesday to prop up the yen, sending stock markets soaring in the United States and Europe on hopes that a dramatic worsening in the Asian financial crisis might be averted.

"The United States and Japan are prepared to continue to cooperate in currency markets," said the White House spokesman, Michael McCurry.

The move, which underscored the severity of concerns over the Asian crisis, followed a late-night phone call in which Prime Minister Ryutaro Hashimoto promised President Bill Clinton that Japan would speed up reforms aimed at reviving its economy, now officially in recession.

"I am encouraged by what the prime minister said

last night, and heartened," Mr. Clinton said Wednesday. "We're doing the right thing, and I think the prime minister of Japan is doing the right thing."

The statement came a day before a hastily arranged visit by the U.S. deputy Treasury secretary, Lawrence Summers, to Tokyo for talks on the crisis with his Japanese counterparts. On Sunday, the U.S. delegation heads will take part in a broader meeting of finance officials from the Group of Seven industrialized nations and from Asian nations.

The United States and Japan were under sharp pressure from China, Beijing had made known its discomfort with the slide in the yen, and was thought to be considering a devaluation of its own currency if the dollar rose to 150 yen.

The Federal Reserve Bank of New York, acting on behalf of the Treasury Department, spent an estimated \$2 billion to buy yen. That sent the dollar down sharply against the Japanese currency.

The dollar fell to 136.950 yen at 4 P.M. on Wednesday from 143.275 yen on Tuesday, a drop of 4 percent. Last week, the yen hit eight-year lows against the dollar.

The show of U.S. determination gave markets a major lift. The Dow Jones industrial average, which had fallen 207 points Monday largely on fears of a spreading Asian crisis, rebounded, and closed 164.17 points higher on Wednesday. (Page 11)

With the dollar lower, bond prices fell more than a point, taking the yield on the benchmark 30-year Treasury bond to 5.74 percent from 5.64 percent on Monday.

In Europe, major indexes of German, British and French stocks posted strong gains of about 2 percent.

Asian markets were mixed, with Japan's Nikkei closing lower, but Hong Kong, Malaysia and

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## U.S. Growth to Slow

Many forecasters believe that U.S. growth is about to slow because of the turmoil in Asia, labor shortages and a rise in inventories. As markets gyrate, some fund managers turn off the "market noise" and take the long view. Page 11.

## China Plays Own Card in G-7 Fashion

By Alan Friedman  
International Herald Tribune

ROME — The concerted action on Wednesday to bolster the Japanese yen was driven by more than just fears in Washington and Tokyo about a new and dangerous phase of the Asian financial crisis.

It was also the result of behind-the-scenes pressure from China, which used the implicit threat of devaluing its own currency to flex its muscles on the world economic stage, according to Western bankers who have been in close contact with senior Chinese officials.

In doing so, these sources say, China, the second biggest economy in Asia, demonstrated the kind of global financial clout that has been forecast in the past but rarely seen in action.

"I think that the Chinese have basically catapulted themselves into the Group of Seven circle," said Kenneth Courtis, a senior economist at the Tokyo office of Deutsche Bank who met in Beijing recently with very senior Chinese officials. "This is the first time China has injected itself into a key issue facing the world economy, and it is acting like a member of the G-7."

In political terms, Mr. Courtis said, "China forced Washington's hand on the eve of President Clinton's visit to Beijing next week."

In recent days, while earning praise for restoring its public pledge not to devalue its own currency, Beijing also sent a number of veiled warnings to the White House and the U.S. Treasury.

The message, according to two Western bankers who have been in touch with the Chinese leadership, was that

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## U.K. Inflation Creates Risk Of Recession

By Tom Buerkle  
International Herald Tribune

LONDON — After enjoying the strongest growth rate in Europe for nearly five years, Britain is facing a growing risk of recession because of a return of the country's longtime economic nemesis — inflation.

The government on Wednesday reported a fresh surge in workers' earnings, raising fears of an inflationary spiral, even as unemployment rose for the first time in two years.

The data came one day after a reported rise in inflation to a six-year high of 4.2 percent in May, and increased the chances that the Bank of England will raise interest rates in the weeks ahead, analysts said.

"Rates are going up," said Michael Saunders, an economist at Salomon Smith Barney. He predicted a "pretty bumpy" landing for the economy as higher rates cause consumers and businesses to tighten their belts and push the economy close to or into recession.

"Unless unemployment rises considerably, we're going to overshoot the inflation target," said Ian Amstad, an economist at BT Alex Brown.

While no one is predicting a repeat of

## Israeli Court Jails 2 Teenagers in Slaying of Palestinian



Two Israeli settlers being taken to court in Jerusalem on Wednesday to face charges of killing a Palestinian on a West Bank roadside. They allegedly hit him with a wooden pole as they passed by in a van. Page 10.

## AGENDA

### U.S. House Moves to Scrap Tax Code

WASHINGTON (AP) — The House passed a measure Wednesday to abolish the income tax code by the year 2003 so long as Congress approves a simplified replacement tax system in the meantime. The vote was 219 to 209.

President Bill Clinton strongly opposed the measure and said he would do his best to defeat it. Other Demo-

crats angrily denounced it as an election-year appeal to the Republican Party's anti-tax wing.

The bill would eliminate the tax code — except Social Security payroll taxes — on Dec. 31, 2002, so long as Congress passed a simplified replacement system by July 4, 2002. The type of new tax code will be left to Congress to decide.

### Déjà Vu for Austria In Draw With Chile

Austria and Chile had different reactions Wednesday after they drew, 1-1, in World Cup Group B in Saint-Etienne, France.

Austria equalized when Ivica Vastic scored in the dying seconds. It has also gained a draw in its first match with a last-minute goal.

"All we can do in these situations is to keep on plugging away and in the end it paid off," said Vastic.

In its previous match, Chile led Italy with five minutes to play when Roberto Baggio scored with a controversial penalty kick.

Nelson Acosta, the Chilean coach, said: "I do not know what to say, why we have to suffer through things like this. I do not know what happened, can't explain it." Page 20.



Michael Kinsel, Austria's goalie, failing to stop a shot by Marcelo Salas crossing the goal line. It was the Chilean's third goal of the World Cup.

## Amid Asian Crisis, Mahathir Holds On

By Michael Richardson  
International Herald Tribune

KUALA LUMPUR — East Asia's upheaval has already toppled governments in Thailand, South Korea and Indonesia, and the question now being asked with increasing frequency in Malaysia is whether Prime Minister Mahathir bin Mohamad will also have to take responsibility for a looming recession and band over power.

The political future of Mr. Mahathir, who has been prime minister for 17 years and is now the region's longest-serving

head of government, will be in the spotlight Thursday when the country's main political party, the United Malays National Organization, which he heads, opens its annual general assembly.

Although he is 73, Mr. Mahathir shows no sign of being prepared to step down. Indeed, he said recently that he would not leave power while the economy was in trouble. Few analysts expect any serious move to push him out during the four-day meeting of the party, known as UMNO.

"The economic situation in Malaysia is hardly as serious as in Indonesia, while

politics in Malaysia are seen as more democratic," said Jomo Sundran, a Malaysian economist. "Dr. Mahathir is in a much stronger position than Suharto was, and he's unlikely to quit."

Unlike Mr. Suharto, who was anointed as president every five years by an electoral college he controlled, the Malaysian leader is chosen in sometimes hotly contested party elections after winning a seat in Parliament in general elections.

Still, Indonesia's political revolution, and moves there to root out the cor-

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## NATO, Near the Brink, Gets Uneasy on Kosovo

By William Drozdiak  
Washington Post Service

BERLIN — Despite much saber-rattling, Western powers are wrestling with serious doubts about the feasibility of outside military intervention to halt Yugoslavia's brutal crackdown on ethnic Albanians in Kosovo Province, American and European officials said Wednesday.

After an impressive display of air power Monday, in which 83 planes from 13 NATO countries darted through the skies above Albania and Macedonia, the world's most powerful military alliance now seems in a quandary about what to do next in coping with Europe's gravest security crisis since the 1992-95 Bosnian civil war.

Several governments, including those of France, Italy, Denmark and Germany, have declared that they will not approve the use of force by the NATO alliance without a United Nations mandate.

Britain has circulated a resolution endorsing "all necessary means" to be used to stop the bloodshed, but its pros-

pects seem dubious because Russia and China — two of five permanent UN Security Council members — have vowed to veto any transgression against Yugoslavia's sovereignty.

Senior NATO officials say many countries are reluctant to use force without UN approval, because it could set a precedent that might be used to justify future aggression.

They cite such hypothetical examples as Russia's taking military action against former Soviet republics or the seizure of contested islands in the Aegean Sea by Greece or Turkey.

"If NATO breaks that rule today, others will do the same tomorrow," said Foreign Minister Hubert Vedrine of France.

His German counterpart, Klaus Kinkel, contends there must be "an explicit and unassailable legal basis" to proceed with any allied military operation in Yugoslavia.

Even the Clinton administration, which insisted on the threat of military force to back up diplomatic initiatives over Kosovo, has toned down its rhet-

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## 2 Old Friends Went to War

Ethiopian and Eritrean Leaders Aren't Sure Why

By Karl Vick  
Washington Post Service

BADAME, Eritrea — On the near ridge, dug in along either side of a Soviet-made tank, are the forces of Eritrea, a spanking new nation that two months ago was still being hailed the world over for putting its energies into development instead of war.

On the far ridge, where the percussive thump of mortar fire now rises, is the army of Ethiopia, an ancient country that until recently was another prime example of President Bill Clinton's "African renaissance."

And between the two ridges lie three

miles of what has brought two of America's favorites to lethal blows — a dusty terrain of terraced mounds, goat herds and bushes just tall enough for a camel to graze upon comfortably.

How the two old friends got into a war over this strip of land remains a mystery even to the men who started it, they say.

"It's very difficult to easily find an answer," said President Issaias Afewerki of Eritrea.

Prime Minister Meles Zenawi of Ethiopia said, "I was surprised, shocked, puzzled."

If the two sides fail to figure it out, the last remaining island of stability in the Horn of Africa will be Djibouti, a former French colony the size of New Jersey. Somalia, with no central government, is ruled in sections by warlords. And the vast Sudan, which the United States has dubbed a terrorist state, is under assault by rebels the Clinton administration has encouraged by sending such "nonlethal" military aid as radios and combat boots by way of adjoining states, including Ethiopia and Eritrea.

But now they are fighting each other.

Some of the damage was stanch Monday when both sides heeded Mr.

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## Changing Female Roles / American Girls Shed Stereotypes

## Catching Up With the Boys - and Their Bad Habits

By Barbara Vobejda and Linda Perlstein  
Washington Post Service

WASHINGTON — A generation after a great rethinking of male and female roles in the United States and the forces that classify children by their sex, the results are in: American girls are behaving more like boys — and it isn't always a pretty picture.

Girls have virtually caught up with boys in math performance and have closed the gap considerably in science. But they are now smoking, drinking and using drugs as often as boys their age. Though they are not nearly as violent as boys, girls are increasingly more likely to find their way into trouble with the law.

A status report released this week by a consortium of universities and research centers describes American girls as a population stepping out of many traditional stereotypes that have defined girls for generations. That, it is becoming clear, can be both good and bad.

Adolescent girls are getting more of a sense of entitlement in healthy ways and feeling bolder, but some may be acting this out in ways that are not so healthy, said Lynn Phillips, author of "The Girls Report," which compiled the most recent research on girls from hundreds of academic and government sources. "There are ways we want girls to catch up with boys, but there are also ways we want boys to catch up with girls."

Much attention has been paid recently to the social pressures on the American male to seek out his feminine side — to become more sensitive, nurturing and in touch with his emotions.

By contrast, many sociologists expected the blurring lines to be an easy and liberating transition for girls. But the report suggests that their transition has not necessarily been a smooth psychological journey.

Some of the progress girls have made results from public policies and private efforts — to enhance math, science and sports programs for girls, for example. But more subtle social pressures also have had an effect, pushing girls to follow the less desirable patterns set by boys in other ways.

Although 13 percent of eighth-grade girls (about 14 years old) reported smoking in 1991, the report shows, 21 percent were smoking in 1996, a faster increase than that for boys. Nearly



David Sutter/IST

17 percent of eighth-grade girls used marijuana in 1996, compared with slightly more than 5 percent in 1991.

In its report, the National Council for Research on Women dealt with girls of elementary-school age through college. Among its findings were: While girls are still less likely than boys to be arrested for violent crimes, the rate at which they are being arrested for these crimes increased faster than that for boys between 1986 and 1995.

Girls participate in a wider range of sports and exercise more than ever, but they still lag far behind boys. A federal study found that the percentage of high school sophomore girls participating in sports declined from 46 percent in 1980 to 41 percent a decade later, while male participation remained even at 63 percent.

After years of concern about girls trailing boys in math performance, a 1996 test administered by the U.S. Department of Education found no significant differences between average scores for eighth- and 12th-grade girls and boys.

In science, girls perform about as well as boys until the 12th grade, when boys' average scores pull ahead and more boys excel in science.

"Teaching SMART," a program in Rapid City, South Dakota, was cited in the report as a model for helping girls in math and science. Developed as a way to better train teachers to engage girls, the program offers several simple techniques: Teachers should wait five seconds after asking a question before calling on a student to answer. The boys' hands typically shoot up immediately, but gradually, the teachers are likely to see more girls raise their hands.

The teachers are told to organize students in groups more often, because girls tend to thrive when they can cooperate. Teachers learn that they cannot let the students decide each time who should lead and who should record the results.

Experience shows that the girls will almost always end up recording because they have nicer handwriting, said Pat Jones, a project specialist for the program, which grew out of a similar effort by Girls Incorporated, a national organization.

One of the projects she has encouraged is

called "Take Apart." Students bring in broken appliances and dismantle them. Since the boys often have more experience with electricity, teachers are told to group the girls separately from the boys.

"That eliminates the boys taking over and empowers the girls to solve it on their own," Ms. Jones said.

Although much of what the new report documents are the problems that face girls, it also challenges many popular stereotypes. It questions, for example, the notion that adolescent girls are doomed to go through a period of low self-esteem or that the teenage years are inevitably filled with anger and stress.

It also makes clear that, despite their convergence with boys on some measures, in many important ways, girls remain very different.

They are twice as likely as boys to be depressed, for example. Also, a federal survey of high school students found that 34 percent of girls see themselves as overweight, compared with 22 percent of boys. Nearly two out of three of the girls were attempting to lose weight.

Ruth Newlin of the American Lung Association said girls regularly use smoking to control their weight. She blames the increase in girls' smoking in part on increasingly aggressive marketing.

The American Lung Association has found that girls who smoke are likely to be confident and socially skilled and smoke when they are depressed, whereas boys who smoke tend to be more insecure and smoke when they are feeling good.

When girls try to quit, they are more likely than boys to report dependence on cigarettes and intense withdrawal symptoms. Racial differences among girls are important in many instances. Black girls, for example, have more positive perceptions of their own bodies than do white and Hispanic girls. Black girls are less likely to smoke than girls of other races or black boys.

The report also found that girls are frequently the victims of violent crime. It cited studies estimating that from one-fourth to one-third of girls are sexually victimized by the time they finish high school. That includes a range of experiences from rape to sexual harassment. Nearly two-thirds of rape victims are under 17 years old, the report said.

## Investigator Contradicts Findings in Ski-Lift Case

By Steve Vogel  
Washington Post Service

CAMP LEJEUNE, North Carolina — A Marine officer who participated in the investigation of the fatal accident in which a Marine jet sliced through a gondola cable in the Italian Alps appears to have contradicted some findings of the inquiry, testifying that he had found no evidence that the American crew was deliberately flying low.

The officer, Colonel Thomas Bickenseder, also suggested that the official investigation in the accident Feb. 3, in which all 20 passengers in the gondola were killed, was subjected to outside pressure, including daily phone calls from high-ranking military officials. "We certainly had more help than we needed," he said.

The testimony Tuesday was used by defense attorneys to call the investigation a "rush to judgment" that unfairly implicated the four Marine aviators. The proceedings concluded the hearing into whether the pilot of the aircraft, Captain Richard Ashby, and the navigator, Captain Joseph Schweitzer, should be court-martialed. The two officers in the rear cockpit, Captain William Raney and Captain Chandler Seagraves, faced a similar hearing last month and are awaiting a ruling from the hearing officer, Lieutenant Colonel Ronald Rodgers.

Colonel Rodgers is expected to issue a recommendation this summer. All four crew members are charged with involuntary manslaughter and negligent homicide, and face life in prison if convicted on all counts.

In closing statements, defense attorneys said that U.S. officials short-circuited a customary inquiry by a Marine mishap board in order to establish an open investigation more acceptable to Italy. The attorneys said U.S. officials feared that the mishap board, which would have operated in secrecy and kept the information it gathered as privileged, would further inflame Italian anger and suspicion over the accident.

The Marine Corps, in bowing to international pressures, is more interested in political expediency right now than safety, said Frank Spinner, Captain Ashby's attorney.

"You're right — there has been international pressure," retorted Major Vernon Couch, a Marine prosecutor, who recited the list of 20 Italian, German, Polish, Belgian and Dutch victims. "That's the international pressure that's present here."

Colonel Bickenseder was one of four officers who signed a Command Investigation Board report that found the accident was caused by air crew error. But he said Tuesday that he did not believe Captain Ashby and his crew were deliberately "flat-hatting" — military slang for flying too fast and too low in order to show off.

"They absolutely were not flat-hatting, in my opinion," Colonel Bickenseder said. "They were out practicing their low-level skills."

Major Carol Joyce, the chief prosecutor, challenged Colonel Bickenseder's testimony, asking why he had signed the report that states that "the cable strike was not a one-time altitude miscalculation because the mishap aircraft flew lower and faster whenever the terrain permitted."

## Nigerian Leader Moves on Reform

By Howard W. French  
New York Times Service

From the moment General Abdulsalam Abubakar was named last week to succeed General Sani Abacha, after the military ruler died of a heart attack, Nigerians began speculating whether a reformer might be at hand after years of ruinous dictatorship. After all, General Abubakar was long reputed to be a prim professional among Nigeria's politicized and immensely rich generals.

With his order Monday to release a core group of the country's political prisoners, including an internationally respected former head of state, General Abubakar sent the first clear signal of his intention to bring about an overhaul in the way his country is run. And, more than that, he conveyed a sense of urgency in the matter.

Though the general's position is precarious, Western diplomats and Nigerian analysts say he has decided to move decisively and not wait to consolidate his power. To delay, they say, would risk falling victim to powerful enemies at opposite extremes of his country's no-holds-barred politics.

"General Abubakar had no choice but to move forward if he wanted to salvage his

country and protect himself," said a Western diplomat. "To have postponed making difficult decisions about democracy and prisoners, or to defer the issue of a transition to civilian rule, would have been to play the game of his enemies. The army would have devoured him itself, and failing that there would have been a major risk of a civilian uprising."

On one side, General Abubakar faces his own army, an institution whose top officers have grown fat on years of power, and many of whose younger leaders have risen through the ranks while awaiting their turn at the trough.

As army chief of staff, General Abubakar had no direct command over the mechanized units that typically determine who holds or takes power in the country. Moreover, the new head of state had none of the huge personal wealth of his predecessors, having avoided the kinds of army jobs that allow brass to dole out lucrative contracts to other officers, siphoning off kickbacks and purchasing staff loyalty.

On the other side, Nigeria's large and well-developed opposition was emboldened by the death of General Abacha, who had a reputation as the most iron-fisted leader his country of 105 million people had ever known.

And because General Abacha and his military predecessors

had so regularly flouted their pledges to restore democracy or arrange transitions to civilian rule, General Abubakar could promise little that would make a dent in the distrust of a hardened political class.

For many veterans of Nigeria's democracy movement, the only politically acceptable tactic is to confront the army head on, and with the army divided, they feel the future is now.

People both inside and outside the army say that General Abubakar's best hope — and decisive test — of engineering a viable transition toward civilian rule is to work with the perceived winner of the country's only previous democratic elections, in 1993, Moshood Abiola, who was widely believed to have won the election and was imprisoned by General Abacha after declaring himself president.

In an arrangement that would recall for many the release of Nelson Mandela from a South African prison in 1990, this scenario goes, General Abubakar would involve Chief Abiola in negotiations aimed at easing the military out of power, much as Mr. Mandela helped negotiate a soft landing for South Africa's apartheid regime.

It is too early to say whether this hope will come about in Nigeria.

General Abubakar's first gesture upon taking power in an unusual post-midnight swearing in ceremony, less than 24 hours after General Abacha's death, was to commit himself to his predecessor's previously declared but widely discounted deadline for an Oct. 1 handover to an elected civilian government.

Analysts of the Nigerian military say that this pledge was intended more as a bid to outflank the army, whose powerful factions are known to be opposed to any democratic change, than an effort to placate a deeply skeptical civilian opposition.

The new leader's second hurdle, the analysts say, was to prevent a showdown between

pro-democracy groups sworn to carry out a series of protests linked to the fifth anniversary last Friday of the national elections that the military annulled after the apparent victory of Chief Abiola, a millionaire businessman from the country's south.

Calls to the opposition to cancel Friday's demonstrations were ignored, but security forces were relatively restrained in putting them down, marking a major change from the wanton brutality of the Abacha years.

With the threat of strife defused, General Abubakar then freed the former head of state, the retired General Olusegun Obasanjo, and seven other prominent prisoners, buying him international praise and a more sympathetic attitude from the opposition.

By far the country's most important political prisoner is Chief Abiola, the jailed presidential candidate. And ultimately, the opposition and much of the outside world's judgment of General Abubakar will depend on his handling of Chief Abiola, whose claim to the presidency is considered by most to be legitimate.

Whatever the opposition demands now, almost no one in Nigeria expects the military to simply surrender power in Chief Abiola. For one thing, Nigeria's military high command is dominated by northerners, including the new head of state himself, who after years of control are wary of an outright takeover by southerners.

Still, for many in the south, and even beyond, no credible elections in Nigeria can be organized until the nation comes to terms with the cancellation of Chief Abiola's mandate.

Regional and ethnic antagonisms like these could scuttle any negotiated arrangements with Chief Abiola. But for now many Nigerians suspect that discussions may already be under way to secure his release in a negotiated framework, providing him some recognition and perhaps a large role in transitional arrangements.

## TRAVEL UPDATE

## U.K. Electric Trains

## Inspected After Crash

LONDON (Reuters) — Britain's main East Coast rail line sidelined its entire fleet of high-speed electric trains Wednesday, one day after a cracked wheel derailed a train.

Great North Eastern Railways said it would carry out urgent safety checks on its 31 electric trains after an InterCity express derailed Tuesday in Bedfordshire, north of London.

The company said it would run a reduced service with eight high-speed diesel trains and apologized to passengers for the severe delays. The line operates trains between London and the northeast and Scotland, carrying some 30,000 passengers a day.

## Poland Rail Slowdown

WARSAW (Reuters) — A strike by engine drivers balked about 30 percent of trains across Poland on Wednesday and disrupted transport in almost half of the country's railway network, Polish State Railways said.

"The situation differs from region to region, but altogether some 30 percent of trains did not start today," said Krzysztof Supa, who heads the railway's PKP's crisis committee.

Mr. Supa said that the northern Gdansk province was among the worst hit by the protest and that the situation was difficult in the southern Katowice and Krakow regions, central Lodz and northeastern Bialystok.

## Portugal Port Strike

LISBON (Reuters) — Portuguese port pilots began a two-day strike that will last until Friday to press for wage increases, a union spokesman said Wednesday.

"We are on strike because we want to negotiate with the government on its wages offer," said Betencourt Picanco, the spokesman.

He said the government had refused to discuss with the union its proposal last January to raise wages in 1998 by 2.75 percent.

Mr. Picanco said the strike would disrupt all of Portugal's eight ports and the import and export of goods.

## WEATHER

Forecast for Friday through Sunday, as provided by AccuWeather.

Europe	Today	Low	High	Low	High
Algeria	70/80	60/70	80/90	70/80	80/90
Amsterdam	60/70	50/60	70/80	60/70	70/80
Antwerp	60/70	50/60	70/80	60/70	70/80
Athens	70/80	60/70	80/90	70/80	80/90
Berlin	60/70	50/60	70/80	60/70	70/80
Bombay	80/90	70/80	90/100	80/90	90/100
Buenos Aires	70/80	60/70	80/90	70/80	80/90
Burgas	70/80	60/70	80/90	70/80	80/90
Calcutta	80/90	70/80	90/100	80/90	90/100
Cardiff	60/70	50/60	70/80	60/70	70/80
Cebu	80/90	70/80	90/100	80/90	90/100
Chennai	80/90	70/80	90/100	80/90	90/100
Colombo	80/90	70/80	90/100	80/90	90/100
Copenhagen	60/70	50/60	70/80	60/70	70/80
Dakar	70/80	60/70	80/90	70/80	80/90
Dhaka	80/90	70/80	90/100	80/90	90/100
Dublin	60/70	50/60	70/80	60/70	70/80
Edinburgh	60/70	50/60	70/80	60/70	70/80
Geneva	60/70	50/60	70/80	60/70	70/80
Helsinki	60/70	50/60	70/80	60/70	70/80
Hong Kong	80/90	70/80	90/100	80/90	90/100
Istanbul	70/80	60/70	80/90	70/80	80/90
Jaipur	80/90	70/80	90/100	80/90	90/100
Jakarta	80/90	70/80	90/100	80/90	90/100
Kuala Lumpur	80/90	70/80	90/100	80/90	90/100
London	60/70	50/60	70/80	60/70	70/80
Los Angeles	70/80	60/70	80/90	70/80	80/90
Lyons	60/70	50/60	70/80	60/70	70/80
Manila	80/90	70/80	90/100	80/90	90/100
Mumbai	80/90	70/80	90/100	80/90	90/100
Myanmar	80/90	70/80	90/100	80/90	90/100
Nairobi	70/80	60/70	80/90	70/80	80/90
New Delhi	80/90	70/80	90/100	80/90	90/100
Osaka	70/80	60/70	80/90	70/80	80/90
Paris	60/70	50/60	70/80	60/70	70/80
Perth	70/80	60/70	80/90	70/80	80/90
Rangoon	80/90	70/80	90/100	80/90	90/100
Rio de Janeiro	70/80	60/70	80/90	70/80	80/90
Rome	60/70	50/60	70/80	60/70	70/80
Sao Paulo	70/80	60/70	80/90	70/80	80/90
Seoul	70/80	60/70	80/90	70/80	80/90
Shanghai	70/80	60/70	80/90	70/80	80/90
Singapore	80/90	70/80	90/100	80/90	90/100
Sydney	70/80	60/70	80/90	70/80	80/90
Taipei	70/80	60/70	80/90	70/80	80/90
Tokyo	70/80	60/70	80/90	70/80	80/90
Yokohama	70/80	60/70	80/90	70/80	80/90



Asia		Today		Tomorrow	
		High	Low	High	Low
Algeria	70/80	60/70	80/90	70/80	80/90
Amsterdam	60/70	50/60	70/80	60/70	70/80
Antwerp	70/80	60/70	80/90	70/80	80/90
Bangkok	80/90	70/80	90/100	80/90	90/100
Berlin	60/70	50/60	70/80	60/70	70/80
Bombay	80/90	70/80	90/100	80/90	90/100
Buenos Aires	70/80	60/70	80/90	70/80	80/90
Burgas	70/80	60/70	80/90	70/80	80/90
Calcutta	80/90	70/80	90/100	80/90	90/100
Cardiff	60/70	50/60	70/80	60/70	70/80
Cebu	80/90	70/80	90/100	80/90	90/100
Chennai	80/90	70/80	90/100	80/90	90/100
Colombo	80/90	70/80	90/100	80/90	90/100
Copenhagen	60/70	50/60	70/80	60/70	70/80
Dakar	70/80	60/70	80/90	70/80	80/90
Dhaka	80/90	70/80	90/100	80/90	90/100
Dublin	60/70	50/60	70/80	60/70	70/80
Edinburgh	60/70	50/60	70/80	60/70	70/80
Geneva	60/70	50/60	70/80	60/70	70/80
Helsinki	60/70	50/60	70/80	60/70	70/80
Hong Kong	80/90	70/80	90/100	80/90	90/100
Istanbul	70/80	60/70	80/90	70/80	80/90
Jaipur	80/90	70/80	90/100	80/90	90/100
Jakarta	80/90	70/80	90/100	80/90	90/100
Kuala Lumpur	80/90	70/80	90/100	80/90	90/100
London	60/70	50/60	70/80	60/70	70/80
Los Angeles	70/80	60/70	80/90	70/80	80/90
Lyons	60/70	50/60	70/80	60/70	70/80
Manila	80/90	70/80	90/100	80/90	90/100
Mumbai	80/90	70/80	90/100	80/90	90/100
Myanmar	80/90	70/80	90/100	80/90	90/100
Nairobi	70/80	60/70	80/90	70/80	80/90
New Delhi	80/90	70/80	90/100	80/90	90/100
Osaka	70/80	60/70	80/90	70/80	80/90
Paris	60/70	50/60	70/80	60/70	70/80
Perth	70/80	60/70	80/90	70/80	80/90
Rangoon	80/90	70/80	90/100	80/90	90/100
Rio de Janeiro	70/80	60/70	80/90	70/80	80/90
Rome	60/70	50/60	70/80	60/70	70/80
Sao Paulo	70/80	60/70	80/90	70/80	80/90
Seoul	70/80	60/70	80/90	70/80	80/90



THE AMERICAS

# Capitol Hill Fight on IMF

## House Republicans Call Reform the Price of Funding

By Helen Dewar  
Washington Post Service

WASHINGTON — As economies in several foreign countries show continuing evidence of deterioration, House Democrats and Senate Republicans are stepping up pressure on the House Republican leadership to schedule action on a stalled request by President Bill Clinton for \$18 billion to help replenish the International Monetary Fund.

But the leader of the majority Republicans in the House, Dick Armey of Texas, insisted Tuesday that the legislation, passed several months ago by the Senate, was unlikely to be approved by the House until the international lending agency agrees to major reforms.

The House Democrats' pressure comes in the form of a move by Representative David Obey of Wisconsin, the ranking Democrat on the House Appropriations Committee, to circulate a "discharge" petition aimed at forcing a vote on the legislation, which has been bottled up by Republican leaders since it was approved in March by the appropriations panel.

This rarely used procedure requires 218 signatures, representing half the House membership. Several Republicans, including Mr. Armey, said Mr. Obey was unlikely to succeed. But Democrats noted that the Republican leadership, anxious to avoid the possibility of an embarrassing defeat, moved to schedule votes on campaign finance legislation recently after its proponents came within striking distance of a successful discharge effort.

Mr. Obey declined to speculate on the prospects for the petition but said it may be the

only way to bring the issue to a head. The Asian financial crisis is threatening the U.S. economy, and it is "incredibly reckless of us not to have all the bullets we need to protect our economy from what is happening in Asia," Mr. Obey said in explaining his move.

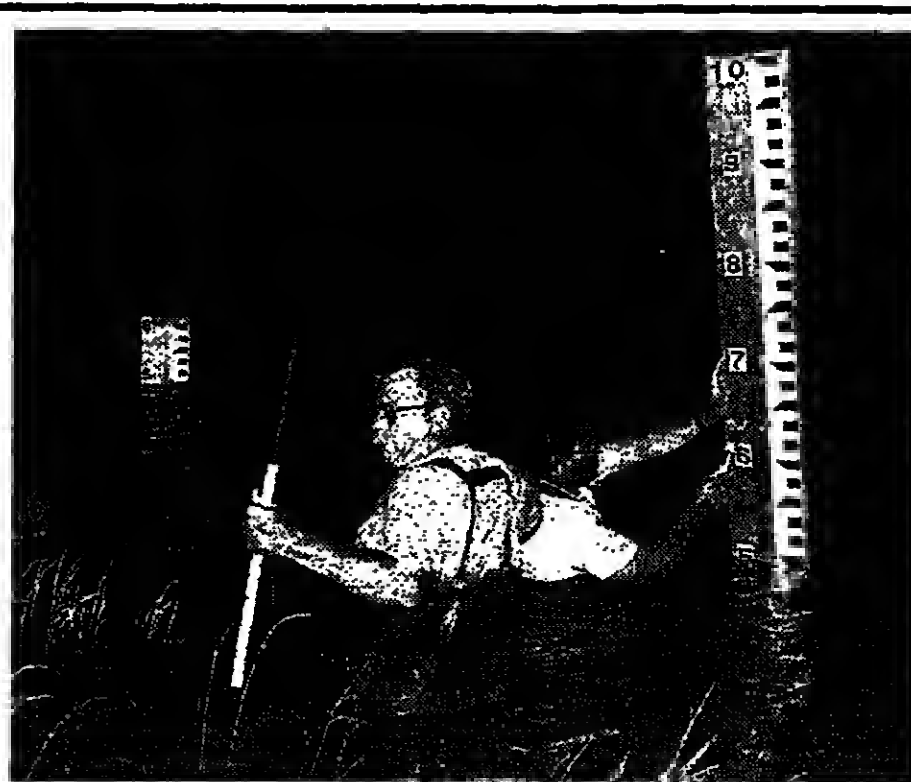
But, at a news conference, Mr. Armey stuck by the Republican leadership's earlier demands for more openness and accountability in IMF operations, saying: "It strikes me to be virtually impossible to get any IMF funding through the House without significant reforms."

During an interview on another subject, the speaker of the House, Newt Gingrich of Georgia, put it somewhat differently: "There's a way to get some IMF funding. I think we should have some more oversight on what the IMF does. I envision us moving soon."

This follows a letter to Mr. Clinton last week from Mr. Gingrich, Mr. Armey and other House Republican leaders asking for disclosure of IMF operating budgets and all IMF staff appraisals of recent rescue operations for Thailand, Indonesia, South Korea and Russia.

In the Senate, a dozen Republicans, including such farm-state conservatives as Chuck Hagel of Nebraska and Pat Roberts of Kansas, are pushing House leaders to act on the IMF funding, along with several other trade-related measures.

"The problem is serious," Mr. Hagel said, adding that he thought that House leaders were going to have to do something. They can't continue to stonewall this," he said. He thought the letter to Mr. Clinton was an encouraging sign.



THE RIVER RUNNETH OVER — Army Corps engineers installing a higher water marker Wednesday in Hamburg, Iowa, as the Nishnabotna River swelled after violent rainstorms. Residents of the town were being evacuated.

### Away From Politics

• Scientists have begun human testing of a possible vaccine to prevent cervical cancer, the first step in what is hoped will prove a way to protect girls from ever catching a virus that causes this cancer. The experimental vaccine by Merck & Co. was reported to be highly effective in animals. (AP)

• A high school dropout was sentenced to death in Fort Myers, Florida, for gunning down a band teacher on his doorstep. Kevin Foster, 20, shot Mark Schwabes, 32, after the teacher threatened to report members of Mr. Foster's teenage gang for vandalism. (AP)

• The number of physicians disciplined for sexual misconduct has tripled in recent years, and two in five of them are still allowed to practice medicine, according to a study reported in the *Journal of the American Medical Association*. But the study's authors said the increase probably reflected better reporting, not more frequent misconduct by physicians. (WP)

• Louise Woodward, the British au pair convicted of killing a child in her care, has a renewed passport and can fly back to England at any time, one of her lawyers said. But a fresh batch of attorneys was due in a Massachusetts court to hear a request for an injunction barring Ms. Woodward from selling her story for a profit. (AP)

• A junior high school teacher in New York was dismissed for violating laws on separation of church and state after she talked about Jesus Christ and led her sixth-grade class to prayer. The teacher said the discussion came up after students asked about a classmate's drowning and she told them the boy had gone to heaven. (AP)

# CNN Analyst Quits in Protest

## General Says Show on Gas Use in Vietnam Was Wrong

By Howard Kurtz  
Washington Post Service

WASHINGTON — Major General Perry Smith, CNN's military analyst since the Gulf War, has resigned to protest the network's airing of allegations that U.S. troops used nerve gas against American defectors in Laos in 1970.

General Smith, who is retired, quit after failing to convince Tom Johnson, chairman of the CNN News Group, that the network needed to retract the story, which aired June 7 on the premiere of "NewsStand: CNN & Time" and was also published in *Time* magazine.

"I can't work for an organization that would do something like this and not fuss up to it," General Smith said. "When there's something on CNN of a military nature, there's an assumption by at least part of the military audience that I have approved this. I couldn't in good conscience still work for them. I had to break it off. It was just something I couldn't do."

A CNN spokesman, Steve Haworth, said General Smith "leaves with our respect" and that CNN was still investigating the nerve gas story. But he said, "more than 200 interviews and eight months of research leave us continuing to believe that sarin gas was used on this mission, one of the purposes of which was to kill American defectors." Mr. Haworth said CNN had interviewed "men on the ground, men in the air and men up the chain of command."

A best-selling author and speaker who served 30 years in the air force, General Smith

has a doctorate in international relations from Columbia University. He is based in Augusta, Georgia, and teaches ethics and management to business, war colleges and corporations.

General Smith flew 130 combat sorties over Laos from 1968 to 1969 and said he never heard of lethal gas being used. He said he had consulted such former high-ranking military officials as General Colin Powell and General Norman Schwarzkopf, who assured him that no nerve gas was used by the United States during the war. General Smith quoted General Schwarzkopf as calling the allegation "ridiculous."

General Smith also tracked down two pilots who delivered gas to Laos on the day the gas was supposedly used from an air base in Thailand. Both said they had carried nonlethal tear gas, not poisonous nerve gas. One, Art Bishop, told General Smith he had found a 1970 diary notation that he dropped nonlethal gas.

After the program aired, a lieutenant colonel asked General Smith by e-mail to "please assist us in regaining our honor" and not allow the press to "once again crucify us as they did 30 years ago."

"CNN has damaged the United States of America quite seriously," General Smith said. Referring to the Iraqi leader, Saddam Hussein, he said: "Saddam can now accuse America of hypocrisy and use CNN as a source."

Such dramatic departures are rare in the television world. Some CNN staffers say General Smith's resignation would provide ammunition to those who think the story is bogus. "It doesn't help us," one said.

# Ads by Tobacco Firms Appear to Hit the Mark

WASHINGTON — The tobacco industry's \$40 million, eight-week radio and TV ad barrage to defeat the tobacco bill is beginning to make a dent in the Senate debate at a crucial moment, some senators say.

As Senate Republicans headed toward a closed-door showdown meeting on the bill, the enormous ad campaign, which seeks to portray the bill as a tax-and-spend measure, appears to have made an impact by emboldening the bill's opponents and, perhaps, by intensifying pressure on wavering senators, according to several senators and political consultants.

The broadcasting blitz, which began April 18, has hit local markets as far-flung as Montgomery, Alabama, and Missoula, Montana. The nation's five major tobacco companies have purchased time in 30 to 50 markets each week, and on CNN nationally for the past three weeks, according to an industry spokesman. That campaign has been buttressed with print ads in major national newspapers, including *The Washington Post* and *USA Today*, where full-page ads cost more than \$63,000 each.

The industry "may have made some gains," said Senator John McCain, Republican of Arizona, the bill's chief sponsor. "They're bound to, with the amount of money they're spending."

President Bill Clinton was concerned enough in recent days to attack the ads as "a bunch of hokey" and assert that the industry was attempting to distract attention from its complicity in misleading the nation about the dangers of smoking. (WP)

# Perot's Reform Party Finds Weak Support

NEW YORK — Almost from the day it was founded, Ross Perot's Reform Party has been complaining about the difficulty that third parties have in gaining recognition and getting on state and federal ballots.

The other day the party even failed to gain access to the 1998 ballot in Texas, the founder's home state. It needed the signatures of some 44,000 Texans on ballot petitions — or 1 percent of the state's electorate — but it came up with fewer than half that many.

The Texas failure was the party's fourth this year. It also fell short of gathering the required number of signatures to win ballot access in North Carolina, South Carolina and Tennessee.

The requirements for gaining a ballot line vary widely by state and can be daunting. In many states, a party's performance in the previous election determines whether it will automatically be on the ballot in the next election or has to circulate petitions again to demonstrate its political viability.

Even with its recent failures, the Reform Party remains on at least 30 state ballots as a result of the 1996 election returns. Still, what of the rest of the states?

In the past, the party has demonstrated that it can prevail in just about any ballot access fight — if Mr. Perot weighs in.

In the presidential election years of 1992 and 1996, when Mr. Perot was a candidate, he saw to it that the party had the petitioning manpower, money, legal advice and leadership to overcome state rules and obstacles. The party was positioned almost everywhere.

On the other hand, in 1998, with no presidential contest scheduled, Mr. Perot has not seen fit to come to the aid of those seeking ballot access in any state, not even his own, despite pledges at the party's national convention last year that he and other party leaders would wage an all-out effort to field candidates at all levels in all coming elections, presidential and otherwise.

"It's a matter of being realistic," Russell Verney, the Reform Party chairman, explained in the aftermath of the Texas failure. "We've decided we're not going to go for ballot access everywhere and we're not going to field candidates at every level unless we can see reasonable results down the road for all that effort and money. Texas and the other states had to face that reality." (NYT)

### Quote/Unquote

Coretta Scott King, Martin Luther King Jr.'s widow, pressing President Bill Clinton to investigate the civil rights leader's assassination 30 years ago, saying she could not believe that his convicted killer had acted alone: "We tried to ignore this for years, but it wouldn't go away. We're a family that believes in truth. We believe also in forgiveness. We believe that there is a moral order and somehow, in the long run, that truth will win out." (Reuters)

By Steven A. Holmes  
New York Times Service

WASHINGTON — An article in a new media magazine about leaks of sensitive information to journalists reporting on the Monica Lewinsky investigation has ignited accusations and rebuttals from Kenneth Starr, the independent counsel, President Bill Clinton's personal lawyer and also from journalists who said their reputations had been maligned.

For the third time in four days, Mr. Starr, who is investigating relations between President Clinton and the former White House intern, sharply questioned the veracity of the article in the magazine *Brill's Content* and also the integrity of its author, Steven Brill.

Mr. Starr's latest response came in a 19-page letter to Mr. Brill, the magazine's editor and publisher, in which he said the article contained errors and rested on a fundamental misrepresentation of the law.

"More disappointing, however," Mr. Starr added, "is that your reckless and irresponsible attack borders on the libelous."

The long article, headlined "Pressgate," written for the magazine's inaugural issue, alleged that Mr. Starr or his office was the source of much of the information used by reporters in articles about witnesses subpoenaed to testify to the Lewinsky grand jury.

Mr. Starr acknowledged briefing reporters but said that what he told them was not a violation of federal law, of Justice Department guidelines or of bar association ethics.

The dispute over leaks of information about the investigation rekindled charges by Mr. Clinton's personal lawyer, David Kendall, that Mr. Starr and his aides had improperly, and possibly illegally, tried to influence the course of the investigation by disclosing potentially damaging information.

"Your statements in the Brill article are at breathtaking variance with your previous public statements about your duties and actions," Mr. Starr wrote. "Your statements consistently have led the public to believe you would tolerate no leaks of any kind."

Mr. Starr's letter, which reads much like a legal brief, is an attempt to dispute point-by-point many, but not all, of Mr. Brill's charges of improper conduct.

He said discussions with reporters about such issues as the time frame of the investigation or office staffing were perfectly legitimate subjects to share with journalists.

"What we must avoid, and what we do avoid, is discussion of information sought from or provided by witnesses — whether in the form of investigative interviews, grand jury appearances, or documents provided to this office," Mr. Starr wrote.

"We have not disclosed this information to the media and your claim that I have admitted doing so is false."

The letter, however, does not dispute the quotes attributed to Mr. Starr in the Brill article, which said that he and his principal lieutenant provided reporters information on a not-for-attribution basis.

In that article, Mr. Starr was quoted as saying it was entirely proper to provide information such as what a potential witness told an FBI agent, so long as that witness had not been called before a grand jury.

The question of what was provided by Mr. Starr in the first few weeks after the story about a Lewinsky-Clinton relationship surfaced.

"Prosecutors will always leak," Mr. Brill said in an interview. "There are always going to be leaks. The question is what do guys like you and me do about them. Do we just take stenography or do we go and check them out?"

But while Mr. Brill questioned the professionalism of some Washington journalists and the accuracy of some of their reporting in the early days of the Lewinsky coverage, several reporters said he mischaracterized comments they had made to him.

In the last two days, the affirmation, "We stand by our story," has been heard all over town. For example, Mr. Brill's article chastised Jackie Judd, an ABC reporter, for saying on air that witnesses had apparently seen Mr. Clinton and Ms. Lewinsky in a compromising situation.

On Tuesday, Ms. Judd disputed Mr. Brill's version of how she had handled that story. "He mischaracterized my point of view on this story," Ms. Judd said. "In my conversations with him, I told him that ABC has not had to retract any report we put on the air, including the eyewitness story."

The Brill-Starr dispute has, in fact, laid bare some embarrassing aspects of the competition for information.

Mr. Starr quoted from a letter to Jackie Bennett, his deputy, by Michael Weiskopf, a Time correspondent, suggesting a wish to "open lines of communication" with the prosecutor's office in order to establish an "off-the-record relationship."

Mr. Starr's office could be critical if it was found to violate federal law, guidelines or ethics rules forbidding disclosure of grand jury information.

But Mr. Kendall and Mr. Starr have offered different interpretations of what information those laws and rules cover.

Nevertheless, on Monday, Judge Norma Holloway Johnson of U.S. District Court, who is overseeing the grand jury investigation, called both sides into her courtroom and admonished them for the leaks.

Mr. Brill's article has prompted a huzz in Washington, in part because it also raised serious questions about the methods and integrity of many in the city's journalist corps, an institution some people regard as important to the nation's capital as legislators, bureaucrats and lobbyists.

Mr. Brill said Tuesday that something was being lost in the emphasis on whether Mr. Starr had, or did not have, improper contact with reporters. And that, Mr. Brill added, is the issue of how reporters treated information allegedly

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## ASIA/PACIFIC

# Indonesians Apologize For a Killing

## Protests Over East Timor Continuing in Jakarta

Agence France-Press

DILI, East Timor — Indonesia's military Wednesday publicly apologized for the fatal shooting of an East Timorese youth, and student protesters in Jakarta maintained pressure for self-determination in the territory.

"We have apologized to the family, to the bishop and to the public in general," East Timor's deputy military commander, Colonel Mujiono, said at a news conference. "In essence, our personnel were at fault."

A soldier on Tuesday shot Herman Dasdorez Soares, 21, in Obitro, about 60 kilometers (35 miles) east of Dili, the East Timor capital.

Mr. Dasdorez was loading wood on a truck with a cousin, Olandino Soares, when he was shot. He died while being taken to a hospital in Dili for treatment.

"There was no reason for shots to be fired, since the soldier only suspected the victim of stealing wood," Colonel Mujiono said.

He said the soldier was being questioned by military police. "We will take action against him according to the law," the deputy commander added.

Early Wednesday, Mr. Dasdorez's body was taken to his home in the Balide district of Dili, where hundreds of people, mostly young, had gathered, said Ze Luis, a lawyer with the Foundation for Law, Human Rights and Justice.

Thousands of supporters then paraded the body through the streets to the governor's office and to the local Parliament.

The protesters met an assistant to the governor to read a list of demands that included a United Nations human rights commission investigation into East Timor and the bringing of "war criminals" to an international court.

They also asked the UN to urge the Indonesian government to pull troops out of East Timor, witnesses said.

East Timor, a former Portuguese colony, was annexed by Indonesia in 1975 and annexed a year later. Rebels have since waged a low-level resistance war against the Indonesian Army.

The deputy head of the local Parliament, Mariano Lopez da Cruz, told the mourners he condemned the military's "inhumane action."

The death came as pressure was mounting on Jakarta to launch an initiative over East Timor.

President B.J. Habibie has released 15 East Timorese political prisoners as a part of his reform program after the fall of the longtime ruler, Suharto, in May.

In Jakarta, about 200 East Timorese students rallied outside the Justice Ministry demanding a referendum on self-determination in their territory and the release of a jailed rebel leader, Xanana Gusmao.

Nine students presented ministry officials with demands, which included the release of political prisoners, the scrapping of Indonesia's subversion law and the nullification of the 1976 presidential decree that made East Timor Indonesia's 27th province.

Some 50 soldiers were deployed at the ministry but made no attempt to intervene, and the students dispersed peacefully after two hours, a witness reported.



An East Timor student praying at a rally on Wednesday in Jakarta. Activists are seeking self-determination for the Indonesia-annexed territory.

# India Eschews Big Nuclear Arsenal

## Deterrence Is All His Country Needs or Wants, Prime Minister Says

By Kenneth J. Cooper  
Washington Post Service

NEW DELHI — Although India now "is a nuclear weapons state," it does not intend to build a large nuclear arsenal or create the elaborate command and control systems that other nuclear powers use to manage their weapons, according to Prime Minister Atal Bihari Vajpayee.

After its five underground nuclear tests last month, India has "a credible nuclear deterrent," Mr. Vajpayee said in his first interview with an American newspaper since becoming prime minister in March.

"However," he added, "we have no intention of engaging in a nuclear arms race and building huge arsenals as we have seen other nuclear weapons states do, because their doctrines were predicated on nuclear war."

Mr. Vajpayee's statement came at a time when the United States and other nuclear powers have been attempting to persuade India and Pakistan to end the nuclear tests each of them has conducted in recent weeks and refrain from building and deploying nuclear weapons systems.

While not suggesting he would agree to those demands, Mr. Vajpayee's statement indicated that India was not now planning to deploy an extensive system of weapons or the infrastructure needed to control and safeguard them.

"India's nuclear doctrine is qualitatively different from that of other nuclear weapons states," he said. "Therefore, we do not need to, or intend to, replicate the kind of command and con-

trol structures which they required. Our approach is to have a credible deterrent, which should prevent the use of these weapons."

India is still developing its nuclear doctrine, which is to be recommended by a national security council that has yet to be formed. But Mr. Vajpayee's statements, while lacking detail, came the closest of any made publicly by a government official so far to enunciating what the nation's policy will be.

In a meeting at his office last week, and in subsequent written responses to questions, Mr. Vajpayee elaborated on several aspects of India's decision to conduct five underground nuclear explosions, a move that led to international sanctions and condemnation and prompted Pakistan to carry out its first nuclear weapons tests.

He said India carried out the tests in part to prove the five established nuclear states — the United States, Russia, China, Britain and France — to agree to plans to disarm. "That was one of the main reasons: We thought that if there is nuclear disarmament it will make the world a better place to live in," he said.

He also hinted that India could retaliate if the United States rigorously imposed economic sanctions in response to the tests.

"If the sanctions declared by some countries are indeed imposed, India would have no option but to take measures that minimize their impact on the Indian economy," said Mr. Vajpayee, whose Hindu nationalist Bharatiya Janata Party leads a 14-party coalition government. "It would be a pity if economic cooperation between India and the United States were to be adversely affected. Both countries would stand to lose a lot."

Mr. Vajpayee issued the threat, to counter what he called "unjustified" sanctions, in written responses that were purposely delayed, according to a Foreign Ministry spokesman, until after the G-7 group of industrialized nations last week announced a joint plan to delay World Bank and other multilateral loans to India and Pakistan, which matched India's nuclear tests on May 28 and 30. Sanctions required by U.S. law also

would cut off nonhumanitarian U.S. development aid.

Since India's tests, his aides have tightly controlled media access to the prime minister, who with few exceptions has answered questions from journalists in written replies reviewed by the Foreign Ministry. Mr. Vajpayee did agree to take questions from a Washington Post reporter last week in the prime minister's office in the round, sandstone Parliament building. He spoke slowly in English, choosing words carefully for about 10 minutes last Thursday before abruptly standing up to conclude an interview that he repeatedly steered back to the issue of nuclear disarmament.

Mr. Vajpayee said the burden of initiating total disarmament fell on the five recognized nuclear powers, which have resisted the step. He nodded his head affirmatively when asked about partial disarmament by the United States and Russia under START agreements, but then dismissed those reductions as inadequate.

"Something more needs to be done, a pledge to destroy all nuclear weapons within a definite time frame," he said, repeating a proposal made by previous Indian governments. "We know that that cannot be done tomorrow. It will take time. Already, so many years have passed. Let the initiative come from nuclear weapon states."

On other nuclear issues, Mr. Vajpayee said: "An anti-nuclear poem he wrote after visiting the Japanese cities of Hiroshima and Nagasaki in the early 1980s 'cannot in any way be linked to India's conduct of nuclear tests' because 'India's nuclear policy is not predicated on war but its avoidance.'"

In the poem, translated from Hindi by Rama Lakshmi, Mr. Vajpayee speaks of his restless sleep and emotional pain at the thought of the "dance of destruction" caused by the atomic bombs that in 1945 at the close of World War II. He addresses American scientists who developed nuclear weapons, asking:

Did they even for a minute  
Realize that what they did with their hands  
Was not good?

# North Korea's Warning

## U.S. Official Foresees Backlash in Congress

Agence France-Press

WASHINGTON — North Korea's threat to press ahead in developing, deploying and exporting missiles is counterproductive and could backfire by slowing any easing of U.S. sanctions, according to a senior U.S. official.

Such a statement may feel good, but it "doesn't encourage anybody" in Washington, the official, who asked not to be named, said Tuesday.

The official suggested that Pyongyang's warnings could stiffen opposition in Congress to any eventual easing of the economic sanctions, now 48 years old.

On Tuesday, North Korea warned that it could afford to stop exporting missile technology only after Washington reduces the sanctions against it.

The U.S. official said Pyongyang's statement that "it is justified in continuing to export destabilizing missile technology and equipment to earn hard currency is irresponsible."

It is "virtually indiscriminate" sale of missile technology to unstable regions such as South Asia and the Middle East

has drawn U.S. missile sanctions in 1992, 1996, and 1997, the official said. Two rounds of bilateral negotiations on missile proliferation starting in 1996 went nowhere, with U.S. officials saying North Korea was not ready to show enough restraint to justify any relaxing of sanctions.

American officials say, to the contrary, that North Korea has actually stepped up its export of dangerous missile technology in recent years.

The Pyongyang warning came at an odd moment, amid tentative signs of a very slight economic opening from North Korea and calls from South Korea's new government for the United States to rethink its sanctions.

## Panmunjom 'Festival'

North Korea has proposed that citizens from both halves of the divided Korean Peninsula gather in the border town of Panmunjom Aug. 14-15 for a "grand festival for national reconciliation, unity and reunification." The Associated Press reported from Tokyo.

# China Curbs Nuclear Exports

## In Run-Up to Clinton's Visit

BEIJING — China on Wednesday implemented regulations controlling the export of nuclear equipment and technology with dual civilian and military uses, the Xinhua press agency reported.

The publication of the measures comes just over a week before the arrival in China of President Bill Clinton, whose administration has pressed Beijing to curb exports of nuclear equipment with military applications.

The regulations aim to "strengthen control of dual-use equipment and related technology, halt the proliferation of nuclear technology and promote international cooperation for the peaceful use of nuclear energy," Xinhua said.

The Chinese regulations, which consist of 23 clauses, were published without commentary or explanation by Xinhua, which said the controls were effective immediately.

"The nation imposes strict controls on the exports of dual-use equipment and related technology and shall strictly carry out all of the international nonproliferation duties it has committed to," read one clause. (Reuters)

# UN Wants Emergency Meeting

## Over Taliban Girls-School Ban

ISLAMABAD, Pakistan — The United Nations called Wednesday for an emergency meeting with Afghanistan's Taliban religious leadership over its decision to close more than 100 private schools that have been teaching girls math, language and other basic subjects.

A Taliban official, in announcing the closure early Tuesday, said the schools run counter to the army's aim of keeping women out of the workplace and girls out of schools. The order also applies to scores of home-based vocational training programs, many of them run by international aid groups.

The United Nations, in a statement released from Pakistan, said the closures would have "a devastating impact on the welfare of many of the city's neediest people." (AP)

# 2 Car Bombs Rattle Karachi

KARACHI, Pakistan — Two car bombs rattled the southern port of Karachi early Wednesday, wounding one person and sending dozens of panicked residents running for cover. The bombings followed a night of violence that left eight people dead, including three members of the same family.

A policeman was also killed. No one took responsibility for the attacks and no arrests have been made, but the police suspect they were linked to the relentless bloodletting between rival factions of the Muttahid Qaumi Movement.

The movement, which represents Indian Muslims who settled in Pakistan after the British departed the Subcontinent in 1947, split several years ago and have been battling each other ever since. In the last two months, nearly 100 people have been killed. (AP)

# 747 Dumps Fuel to Land Safely

AUCKLAND, New Zealand — Passengers said they nervously held hands across the aisles as their flight circled a New Zealand airport and dumped excess fuel in the ocean before making an emergency landing after an engine explosion Wednesday.

One of the engines of Air New Zealand flight, bound for Fiji and the United States, burst into flames as the Boeing 747 took off from Auckland International Airport on Wednesday, an airline spokesman said.

The engine was shut down as soon as it caught fire and the 372 passengers spent a further 90 minutes in the air as the plane dumped its fuel load as a safety precaution before landing. (AP)

# For the Record

At least 70 people have been killed by landslides and floods in remote northeastern India this month, government officials said Wednesday. Pramod Gogoi, flood control minister of the tea-growing state of Assam, said deforestation and heavy monsoon rains in the higher reaches were to blame. (Reuters)

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EUROPE

Jospin's Secret of Success: Under His Socialist Cloak, He's a Pragmatist



Mr. Jospin is seen as pursuing many of his conservative predecessor's policies.

By Craig R. Whitney  
New York Times Service

PARIS — "When the French want to change policy, they will turn to you," President Francois Mitterrand told Lionel Jospin, his fellow Socialist and longtime party aide, in 1995 after Mr. Jospin unsuccessfully sought the presidency.

French voters elected Mr. Jospin prime minister a year ago, throwing out a conservative government that had tried to slim down generous French welfare benefits that were driving up deficits.

But since then, not only his compatriots but also officials of the United States have come to see Mr. Jospin as pursuing many of the same policies as his conservative predecessor, only more effectively.

Mr. Jospin left Paris on Wednesday and will begin his first official trip to the United States on Thursday.

The prime minister's biggest success was meeting the deficit-reduction requirements for France to join the euro, the common currency that starts Jan. 1, a target the conservatives said would require unpopular austerity measures.

The conservatives' candor brought them defeat at the polls when Jacques Chirac, who defeated Mr. Jospin for the presidency, called a surprise election last spring. Mr. Jospin, who had promised to make jobs his main priority, then had a stroke of luck

when the French economy started a powerful recovery. That brought in extra tax revenues and enabled France to squeak in under the budget-deficit limits without further big budget cuts.

Mr. Jospin's popularity rating has dipped below 50 percent only once since his election.

The prime minister's handling of an embarrassing strike this month by pilots of the state-owned airline, Air France, has brought grudging expressions of respect even from conservatives. The pilots agreed last week to a seven-year salary freeze and voluntary pay cuts in exchange for stock options after Air France is partly privatized this year. These were basically the terms offered at the outset.

The U.S. ambassador, Felix Rohatyn, observed that this episode was one of many that indicated Mr. Jospin was less a leftist than a pragmatist who was quickly adapting France's state-dominated economy to the demands of global competition.

This government has seemed to me to be quite pragmatic about starting restructuring of defense industries and of the Airbus consortium, and about going ahead with privatization of France Telecom and Thomson," Mr. Rohatyn said. He was referring to Mr. Jospin's decisions to open the French telecommunications market to private investment; to reorganize Airbus, a civilian airliner company, and to regroup state-dominated military electronics

industries like Thomson-CSF with private investments as well. All these policies began under the conservatives.

The combative Mr. Jospin, who turns 61 next month, tells people that his responsibility is to govern France as effectively as possible during his time as prime minister. But many say he will make another run for the presidency at the end of Mr. Chirac's first term, in 2002.

On the fundamental issues of European policy and relations with the United States, even Mr. Rohatyn said: "Franco-American relations are driven by interests and by philosophy. I haven't seen any real difference between the presidency and the prime minister's office on these issues."

The biggest French-American difference at the moment is in unemployment. French joblessness has started to fall from near-record levels of the past several years but is still near 12 percent, three times that in the United States.

Mr. Chirac and Mr. Jospin have both resisted suggestions by American policymakers that reducing the French welfare state's heavy payroll taxes might encourage employers to do more hiring.

Mr. Jospin has admitted that he and his Socialists underestimated the job-creating potential of the less encumbered U.S. economy, and might have lessons to learn.

U.S., Alone, Seeks to Limit International Prosecutor

By Alessandra Stanley  
New York Times Service

ROME — Seeking to limit the scope of an International Criminal Court, the United States on Wednesday dismissed United Nations efforts to create a fully independent prosecutor as "unrealistic and unwieldy."

Speaking at the UN conference devoted to setting up rules to try individuals for genocide and other crimes against humanity, the chief U.S. delegate to the United Nations, Bill Richardson, warned the delegates not to turn the court into "a human rights ombudsman open to, and responsible for responding to, any and all complaints from any source."

The United States wants the permanent members of the UN Security Council to play a major role in determining what crimes — and which defendants — should be prosecuted by a permanent international court.

are pushing for a fully independent prosecutor with the power to initiate investigations as the best means of guaranteeing the court's clout and impartiality.

The United States is concerned that unless the world's leading powers have a say in the court's jurisdiction — and what crimes prosecutors pursue — American servicemen could be hauled before international judges harboring an anti-American agenda.

Beneath the ooze sentiments that have been flowing across the conference hall, the proceedings themselves are already highly politicized.

Mr. Richardson alluded with a touch of asperity to the lobbying efforts of the "like-minded group," led by such formally staunch allies as Canada and Britain. "The court cannot be the creation

of a single group of nations," he said. "The court must be built on the firm ground of international consensus and enjoy international support."

Throughout the five-week conference, delegations will be forced to debate and seek compromise. The opening statements, in effect, are opening bids in a complex and lengthy negotiation. On his way out of the conference, Mr. Richardson heatedly said: "We won't support the treaty if it has this self-initiating independent prosecutor. That's for sure."

His position was opposed by Canada, which is heading the conference and which is one of the most active members of the "like-minded group."

"A court worth having is one with an independent, highly professional prosecutor," Lloyd Axworthy, the Canadian foreign minister, said in his statement Wednesday. "He or she should be able to initiate a proceeding ex officio, rather than having ICC jurisdiction triggered only by state complaint to a security council referral."

Mr. Richardson's statement infuriated human rights groups, who have flooded the conference, lobbying for as broad and independent a court as possible.

"This court will have very little business if it is dependent on states or the Security Council referring cases to prosecutors," said Richard Dicker, associate counsel of Human Rights Watch. "You can just imagine the diplomatic, economic and security considerations that would come into play before the U.S. or even a smaller nation would risk lodging a complaint against China."

EU Countries Will Share Emissions Cuts

Reuters

LUXEMBOURG — European Union environment ministers agreed Wednesday on a legally binding deal to share the burden of cutting the 15-october bloc's emissions of greenhouse gases.

The agreement was thrashed out Tuesday during a 14-hour round of intense negotiations, but the ministers endorsed it Wednesday afternoon only after they had reached a consensus on general policies for achieving the targets.

"At one point it looked as if the whole thing was going to sort of collapse," a German diplomat said.

Individual targets for a number of EU nations are more lenient than those provisionally agreed to in March 1997.

The EU pledged at the climate change conference in Kyoto, Japan, last December to cut output of six greenhouse gases to 8 percent below 1990 levels by 2008-2012.

Other industrialized states agreed to an average cut of 5.2 percent in the gases that are believed responsible for global warming, including carbon dioxide, methane, oxides of nitrogen and three industrial gases.

Under the agreement, cuts in emissions for seven of the EU's most industrialized states — Austria, Belgium, Denmark, Germany, Italy, Luxembourg and the Netherlands — will be more lenient than those they accepted in March last year.

Diplomats said the Netherlands and Austria had held out until the end for a softening of their commitments.

Sweden and the bloc's four poorest states — Portugal, Greece, Spain and Ireland — will be allowed to raise emissions, but not by as much as they could have under the 1997 pact.

Swiss and EU Agree On a Plan for Trade

BRUSSELS — Swiss officials said Wednesday that they had reached agreement with the European Union on key elements of an ambitious trade and cooperation pact after three and a half years of negotiations.

held north of the island as part of naval exercises in the eastern Mediterranean. (Reuters)

6 Russian Satellites Go Into Wrong Orbit

MOSCOW — Six "spy mailbox" satellites launched by Russia have gone into the wrong orbit, but officials said Wednesday that they could still be used to transmit secret messages to and from intelligence agencies.

The six satellites were launched simultaneously early Tuesday from the Plesetsk cosmodrome in northwestern Russia. Russian media said they were designed for the Main Intelligence Department of the Defense Ministry.

Bad Wheel Caused German Train Crash

BONN — In its first report on a rail disaster that left 100 dead, a German government watchdog said Wednesday that the June 5 crash was caused by a broken wheel that derailed the train.

The Federal Railways Office presented a detailed account to a parliamentary committee of how the part of the wheel that holds the train on the track fractured, causing Germany's worst rail disaster in half a century. (Reuters)

Diplomats in Minsk Don't Have to Move

MINSK, Belarus — President Alexander Lukashenko has put off a move to evict foreign diplomats, including the U.S. ambassador, from their elite residential complex, officials said Wednesday.

Mr. Lukashenko, whose authoritarian rule has repeatedly stirred controversy in the ex-Soviet republic, had earlier ordered 22 diplomatic families to move out of the Drozdki complex by Wednesday. He cited the need to make repairs.

But the International Monetary Fund's resident representative said Wednesday that Mr. Lukashenko had signed a decree letting the diplomats stay in the compound, where the president also lives. (Reuters)

2 Sides on Cyprus Flex Their Muscles

NICOSIA — Two Greek fighter jets and a transport plane left a military base in Cyprus on Wednesday after a controversial visit that Turkey said stoked tension on the divided island.

But as the Greek planes left the south, a flotilla of nine Turkish Navy vessels docked at ports in the Turkish

TITAN

The Life of John D. Rockefeller Sr.  
By Ron Chernow, 774 pages.  
\$30, Random House.

Reviewed by Paul Johnson

THE life of John D. Rockefeller, creator of Standard Oil, first and fiercest of the oil giants, has been told before and no doubt will be told again because it is worth telling, and complicated, and there are always new angles to explore.

Ron Chernow, an experienced biographer of business tycoons, presents the tale well, and his portrait of Rockefeller, an eccentric do-a-heroic-scale-as-well-as-a-genius, is convincing. On balance, this is the best biography of the man so far. So I commend it, but, having done so, I want to examine in detail its one major fault, because it is important in itself and it is characteristic of this kind of business biography.

Outstanding businessmen are nearly always a mixture of greed and altruism, of ruthless capacity and genuine creativity. To set up from nothing a business that makes a product that millions want to buy and that employs thousands of people is a creative act, in fundamentally the same way as painting or composing or writing poetry and plays. Vanderbilt, Carnegie and Rockefeller were driven by their genius and their creative spirit, just as their contemporaries Walt Whitman, Tolstoy and Baudelaire were driven. Some, like Carnegie and Whitman, refused to bring God into the equation. Others, like Tolstoy and Rockefeller, saw God as the ultimate source of their constructive energy. Chernow prints an impassioned outburst Rockefeller made to a startled reporter towards the end of his long life: "I believe the power to make money is a gift from God — just as are the instincts

for art, music, literature, the doctor's talent, the course's, yours — to be developed and used to the best of our ability for the good of mankind. Having been endowed with the gift I possess, I believe it is my duty to make money, and still more money, and to use the money I make for the good of my fellow man according to the dictates of my conscience."

It is impossible to understand Rockefeller unless one accepts that he was sincere in making this statement, and that his peculiar brand of evangelical Protestantism motivated his entire business career. He saw oil itself as a kind of manna, the work of God, and the way in which it surged from the ground as almost a supernatural event. As he put it, "The whole process seems a miracle. What a blessing oil has been to mankind!" Naturally it followed that any mere mortal assisting the process must be doing God's work.

On the other hand, Rockefeller's methods in constructing his company and market share, though usually legitimate, were often brutal and sometimes unlawful. The deals he made with railroad companies were particularly ruthless, and many were actually unfair even when they did not actually break the law. This side of Rockefeller's career is recorded by Chernow in great detail, and he has no difficulty in assembling some devastating evidence of Rockefeller's unscrupulous dealings. The man and his company were probably more intensively investigated, both by state and by federal governments, than any others in history, and most of their secrets were laid bare early in the 20th century, with Standard Oil, in its original form, being broken up in consequence.

In addition to the official investigations, Rockefeller and Standard Oil were also targets for the mockers, and especially for Ida Tarbell. Her series on Standard Oil appeared in McClure's in 1904, and it was later expanded into a two-volume book which went through many editions. It was effectively Tarbell who demonized Rockefeller. At this point, though, Chernow's book lacks objectivity. Tarbell was out of a disinterested party. Her idolized father had been an independent producer and Standard Oil had put him out of business. Unable to direct her exasperation at the family failure toward her own father, Ida Tarbell turned all her rage on Rockefeller. She hunted him relentlessly, and to considerable effect, for the rest of his long life.

Unfortunately, Chernow treats her like a saint. His account of her childhood as "a true daughter of the oil regions" is embarrassingly stilted. She had "intellectual daring and fearless curiosity." She saw the issue as "the triumph of grasping men over decent folk, like her father, who played fair and square." She had a "scientific attention to detail" and "homegrown moral fervor." She was "high minded," "tall and attractive," with an "erect carriage" and "innate dignity." And so on, endlessly.

BRIDGE

By Alan Truscott

IN the final of the Reisinger Knockout Team Championship the winners were Richard De Martino of Riverside, Connecticut, Tom Smith of Greenwich, Connecticut, William Ehlers of West Orange, New Jersey, Bruce Rogoff of Hackensack, New Jersey, and Arnold Malasky of Westport, Connecticut.

The margin of victory was 48 imps against a Long Island foursome: Janet and Mel Colchamiro of Merrick and Peter Bisgeier and Robert Gordoo of Northport. The winners had a harder time in the semifinal stage, winning by 12 against Jeff Aker of Briarcliff Manor, New York, and his team.

The diagrammed deal shows the importance of paying careful attention to the explanation of the opponents' bid-

ding. Ehlers as South landed in four spades after West had opened with one diamond, which was explained as follows: 16-15 high-card points with a singleton or a void somewhere in the hand.

West led the heart ace, and

NORTH  
♦ Q 4 3  
♥ 5  
♦ K J 9 5 2  
♣ A 10 3

EAST  
♦ A 10 7  
♥ Q 8 7 6 2  
♦ A 10 4  
♣ 7 5

WEST (2)  
♦ J  
♥ A K 10 6  
♦ 8 7 5 3  
♣ Q 4 2

SOUTH  
♦ K 8 6 5 2  
♥ Q J 4 3  
♦ Q  
♣ K 9 7 6

Neither side was vulnerable. The bidding:  
West North East South  
1♣ Pass 1♥ Pass  
2♥ Pass 4♠ Pass  
Pass

West led the heart ace.

for want of anything better continued with the king. This forced dummy to ruff and made it more difficult for South to make use of the diamonds. A diamond was led from dummy, and East chose to duck, permitting the queen to win.

South now led a trump to the jack, queen and ace. In view of the explanation of the opening bid, it was clear to the declarer that the jack was a singleton. When the heart queen was continued he ruffed in dummy with the spade nine. He then led the diamond king, ruffing out the ace, and crossed to the club ace. The position is shown below:

When the diamond 10 fell under the jack, it was an easy matter to continue with the nine, forcing a ruff. South overruffed and surrendered a club at the finish. If the 10 had not fallen, but East had fol-

lowed, a spade finesse would have been taken. And if East had ruffed the diamond jack, Ehlers would have overruffed and drawn the missing trump, knowing that he could establish a club trick thanks to an even split in that suit.

In the replay South failed in four spades because he had no clue to the trump situation.

NORTH  
♦ 4  
♥ —  
♦ J 9 8  
♣ 10 3

EAST  
♦ 10 4  
♥ 7 6  
♦ 8 7  
♣ J

WEST  
♦ —  
♥ 10  
♦ 8 7  
♣ Q 8 2

SOUTH  
♦ K 8 6  
♥ —  
♦ —  
♣ K 9 7

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## Trib Tech

# New Spin on Satellites: Ocean-Based Blastoffs

Venture Aims to Fully Use Earth's Rotation

By William J. Broad  
New York Times Service

Ever since 1926, when Robert Goddard, working in Auburn, Massachusetts, fired the world's first successful liquid-fueled rocket, the field has developed along the same general lines. Increasingly big and powerful vehicles have blasted off from dry land.

In recent years, these rockets have carried into space mainly communication satellites, which beam telephone calls, beeper messages, computer data and television and radio programs around the world. In the next decade, analysts say, more than 1,000 new communication satellites are scheduled to be sent into orbit.

Now, a radical entry in the launching game is getting ready to blast off after an investment of more than \$500 million by companies in Russia, Ukraine, Norway and the United States. The team is joining inexpensive Russian and Ukrainian rocket gear with U.S. marketing and technical savvy. Boeing Co., the U.S. aerospace giant, owns 40 percent of the joint venture.

In October, the team's 20-story rocket is to rise from a floating platform in the Pacific and carry a communication satellite into orbit—a space-age first.

Known as Sea Launch, the venture, if successful, will be a technical feat that significantly boosts the payload weight that a rocket can carry by simply starting the trek in the right place.

By blasting off at the Equator rather than the higher latitudes where most spaceports are found, the rocket will get the maximum possible boost from the earth's rotation and follow the shortest possible route to an orbit 22,300 miles (35,680 kilometers) overhead. There, communication satellites turn in step with the earth, making them appear to hang motionless and easing links with ground antennas.

The launching will be controlled from a 660-foot (200-meter) ship that carries up to 240 people. The launching platform, made from an oil rig, can move itself around at speeds of up to 12 knots.

"We want to provide a low-cost alternative for launching satellites," Jim Albaugh, the president of Boeing Space Transportation, the U.S. parent of Sea Launch, said in an interview. "We get up to 30 percent more payload than launches from North America or Russia."

Last Friday, the team's control ship,

made in Scotland by the Norwegian partner, left St. Petersburg, Russia, where a Ukrainian rocket had been loaded and Russian rocket-handling gear installed, and headed for Long Beach, California, the company's home port.

The launching platform, made in Norway, is being outfitted in Vyborg, Russia, and is to sail for Long Beach this summer for the first launching.

Space experts say the venture has some risk. But they add that the team and equipment are so strong that they will likely open a major new pathway into the heavens.

"It's very smart," said Marco Caceres, a space analyst at the Teal Group, aerospace consultants based in Fairfax, Virginia. "Most rockets are launched out of government facilities, and you have to wait your turn," at times for months or years.

Some arms-control advocates, as well as the Clinton administration, encouraged Sea Launch because it employs Russian and Ukrainian rocket makers that otherwise might pitch their wares and expertise to rogue states and terrorists.

"It's rare that you find this kind of sweet technical fix to a lot of policy problems," said John Pike, head of space policy at the Federation of American Scientists, a private group in Washington.

THE TEAM'S Ukrainian rocket is known as the Zenit, a military rocket that Moscow had used for launching a wide variety of spy satellites. Its makers, the Yuzhnoye design bureau and Yuzhmash production plant, once made the SS-18, which the Pentagon dubbed "Satan." The dreaded black giant was the Soviet Union's deadliest weapon, able to deliver 10 or more nuclear warheads with great precision halfway around the globe.

Despite its newcomer status, the Zenit rocket of Sea Launch has already won important customers. Hughes Space & Communications, an industry leader, has signed up for 13 launchings, including the first.

That flight is to loft a five-ton craft meant to knit Brazil, Mexico and the United States together electronically. Sea Launch has sold five additional Zenit launchings to Loral Space & Communications Ltd.

The topic is politically sensitive be-

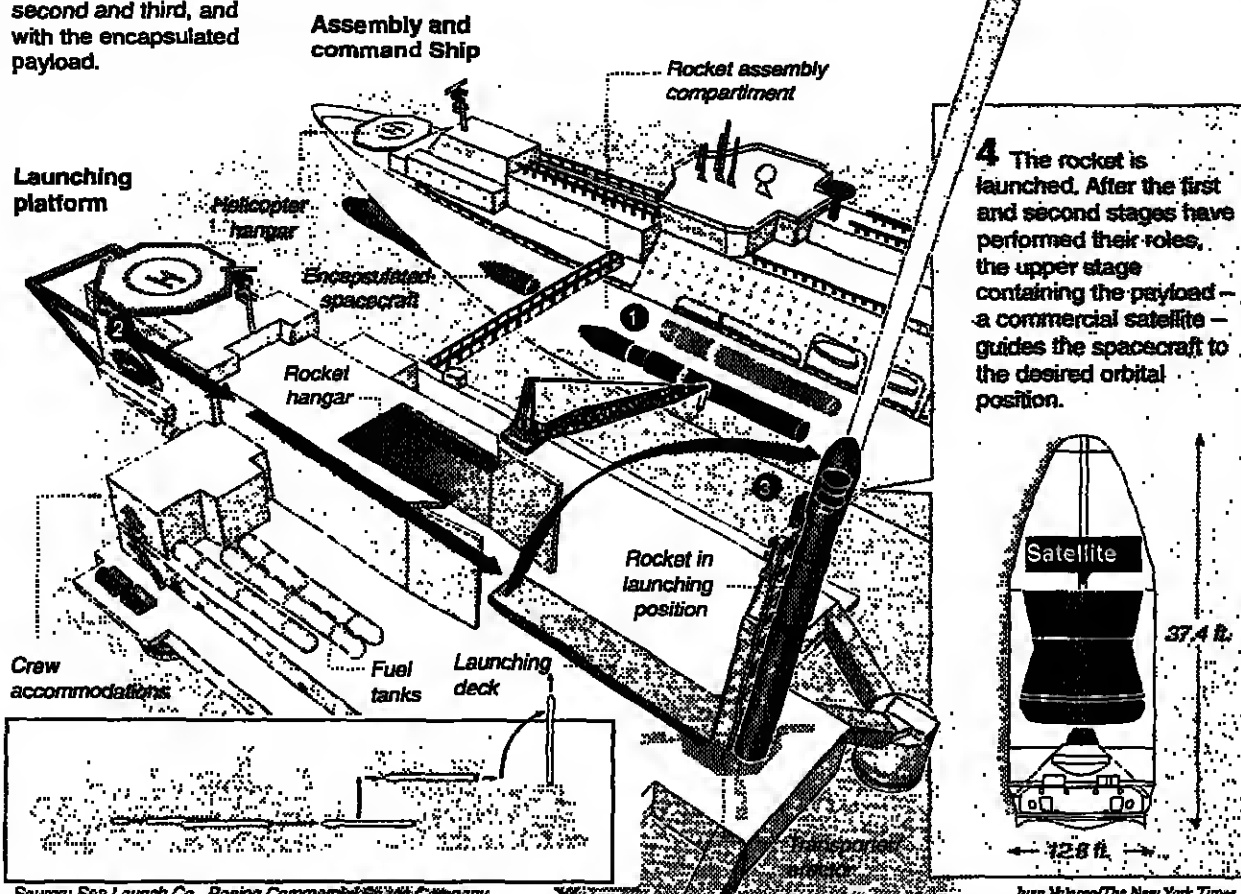
## Launching a Rocket at Sea

In October, a rocket is to rise from a floating platform in the Pacific Ocean and carry a communication satellite into orbit. The venture, called Sea Launch, is a cooperative effort by companies from Russia, the Ukraine, Norway and the United States.

1 The assembly and command ship serves as a floating rocket assembly factory and as the mission control facility. Rocket components are moved onboard for assembly. The first stage is joined with the second and third, and with the encapsulated payload.

2 The rocket is moved to the launching platform by an onboard crane system and stored in a hangar. Both vessels set sail for a predetermined site in the Pacific.

3 The rocket is rolled out and erected into launching position. Crew members depart the platform through a gangway mounted between the two vessels. The assembly and command ship moves 3 miles away and the control center starts launching.



Sources: Sea Launch Co., Boeing Commercial Space Company

## Smart Pad: No Clicking, No Pointing

Scanning Device Permits  
Users to Bypass Mouse

By Bob Tedeschi  
New York Times Service

The lowly mouse pad, that desktop lackey, will soon receive a high-tech injection from a team of researchers at the Massachusetts Institute of Technology who have created a so-called smart mouse pad.

As its name suggests, the device will be much more than a runway for electronic rodents. In fact, for many tasks, it would allow users to bypass the mouse altogether. Merely swipe an object over the mouse pad, such as a cordless phone, and it will connect you to a World Wide Web page with your personalized phone book.

Think of it as a supermarket scanner for your PC. While analysts say it may take a few years for the smart mouse pad to reach the mass market, it could bring profound change to the way people access the Internet and perform everyday computer tasks.

"It's an innovative concept and it has merit," said Tim Bajarin, president of Creative Strategies Inc., a California high-tech consulting firm, "because ease of use and access are going to drive the Web into the consumer space."

Here's how it works: The smart mouse pad contains a read-write device that scans information that has been written onto electronic tags, or tokens, that are attached to consumer items. The mouse pad then tells the computer to find the Web page assigned to that item. It's instant information: No pointing, no clicking, no Web navigation whatsoever.

Practically speaking, one could place a bottle of aspirin onto the mouse pad, and immediately have access to information not just about that brand of aspirin, but that particular bottle.

"So you could find out if that bottle has been recalled, more information about dosages, whatever you'd like," said Henry Holtzman, a researcher at MIT's Media Lab who, along with Andrew Lippman and Michael Hawley, invented the smart mouse pad.

The pad runs on technology called "radio frequency identification," or RFID, that has actually been around for a few years. It is most commonly used for access control, as in mass transit tokens that allow passenger entry when scanned.

The technology is still expensive. The "readers" that would be built into the mouse pads sell for about \$50, while the tokens sell for about \$2.

According to Mr. Bajarin, "The costs of the token would have to be extremely low, somewhere in the order of a penny or a half-cent, for it to be considered in the consumer's space. So they'll probably have to slash out some of the costs by selling it into the business sector first, then ride it down over time to consumers."

Mr. Holtzman said that along with Mr. Lippman and Mr. Hawley, he is starting a company to develop the smart mouse pad system and sell it. Should the smart mouse pad reach the masses, Mr. Holtzman said, consumers will find it more than just useful. "It's actually a lot of fun to throw things at the computer and have Web sites come up," he said. "It's great to play with."

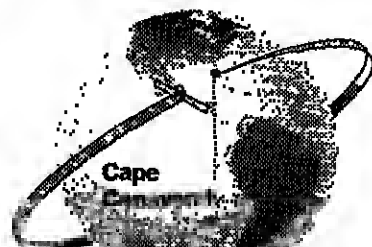
## SITES

Research projects undertaken by the MIT Media Lab can be found at: [www.media.mit.edu](http://www.media.mit.edu)

## SITES

An extensive Sea Launch Web site is at: [www.boeing.com/defense-space/space/sea-launch/](http://www.boeing.com/defense-space/space/sea-launch/)

An article about previous Zenit booster rocket failures is at: [www.flighttoday.com/space/explorer/stories/1997/052097c.htm](http://www.flighttoday.com/space/explorer/stories/1997/052097c.htm)



TRADITIONAL LAUNCHES  
A satellite that is not launched from the Earth's equator winds up with an orbit inclined to the equator.



THE SEA LAUNCH PLAN  
The Sea Launch consortium will be able to send satellites directly and economically into an equatorial orbit.

## ALT / Commentary

# Gadgets Galore in Japan, but How Useful Are They?

By Kathryn Tolbert  
International Herald Tribune

TOKYO—If you think of Japan as a country with advanced technology, try going out with the baby and using public transportation.

Subway stations with elevators are rare and most do not have escalators. To take the subway, you get a firm grip on the stroller, baby, purse and diaper bag and struggle down three flights of stairs through the crowds.

No one will interfere by offering to help, and few would step aside if it were not for the bulk and metal content of the descending stroller.

But once you have made it to the platform, look what technology can do. An electronic sign will tell you how many minutes away the next train is, and the one after that, too.

It will flash the word "Train" when the train is pulling into the station. Inside the car an electronic route will show where you are and as you approach a platform, one side of the car reads, "This door will open," while the other side says, "Opposite door will open."

So what's the problem here? Japan is clearly a country with impressive technology, but it's a shame that so much of it seems wasted.

It's easy to get irked at the thought of the nation's creative energy being poured into gadgets instead of making life easier and safer for the general public.

High-tech conveniences are aimed at salaried males. If you try to go about Tokyo carrying a baby, or are in a wheelchair, or simply walking with a child, you are in 1960s Japan.

Today, there are traffic signals here that can talk, saying, for example, "The light is turning green now."

But at most intersections where people are trying to cross the street, there is only simple, unobtrusive white lettering on the roadway that says, "Stop."

In this famously rule-abiding society, no one behind a wheel pays any attention to this decidedly low-tech warning. Not even a pause. There is no flashing sign, nothing to light up to indicate someone is trying to cross the intersection.

But there are cars on the road with digital maps mounted next to the steering wheel to guide the drivers through traffic. A friend mentioned that he suddenly remembered an errand he had to run and turned the corner, only to have his dashboard yell at him, "Wrong turn! Wrong turn! Turn around."

It's not just transportation that has the useless-technology bug. Bank teller machines that literally launder money were introduced some time ago. ATM windows show a woman who bows after one has withdrawn money. There's an extensive line of "germ-resistant" goods for sale, from telephones to memo pads.

"Lovevety" is in the stores now, a palm-sized, oval-shaped radio device that beeps when someone who has a Lovevety programmed with compatible interests comes within range.

If you are not certain you will know when it's your cell phone that's ringing, because six others are ringing nearby, you can set your telephone to play one of 17 pieces of music, including "Hava Nagala" and Beethoven's "Ninth Symphony."

High-tech toilets with a half dozen sprays and a warm-air dryer, along with a flushing sound to provide an acoustic cover for the shy, have been around for a while.

Nothing is simply on-off here. Rice cookers have formidable looking panels that control the water and timing for white rice, brown rice, sticky rice, rice with seasonings and rice gruel.

Vacuum cleaners adjust for wood floors, carpets and straw matting, with power sensitive handles that increase suction depending on how hard you



push. Air-conditioners have remote controls. Bus stops talk to waiting passengers.

My favorite oow useless technology is the talking refrigerator. Matsushita Refrigeration Co. just put them on the market to celebrate the 80th anniversary of Matsushita Electric Industrial Co. and sold 2,000 in May at 400,000 yen (\$3,000) each.

Like so many oow high-tech products, it is advertised with a sentimental, idealistic catch phrase: "For the Earth's Future."

When we first heard about them, my husband immediately liked the idea. He thought he could open the door and it would say, "You are getting low on beer," or "Honorable Father. Please remember your diet."

To be fair, most of the early rush of customers was attracted to the refrigerator's larger size. And many of the customers, according to a Panasonic sales person, didn't think the voice was necessary. A buzzer would do.

In fact, the refrigerator says only three things: "The door is open," "The temperature is increasing," "Don't open the door so much or stuff so much food in the refrigerator."

And, when the refrigerator is otherwise lost for words, "Please contact your customer service representative."

Kathryn Tolbert is deputy Asia editor of the International Herald Tribune based in Tokyo.

## TECHNOLOGY INDEX

A glance at technology stock indexes around the world			
North America	Tuesday close	% change previous week	% change year to date
Pacific Stock Exchange Technology	325.02		+11.86
Standard & Poor's Technology Composite	824.79		+22.12
Europe			
Morgan Stanley Eurotec	561.15		+45.67
Asia			
Topix Electric	1728.45		+5.13

Source: Morgan Stanley, Bloomberg News

For technology articles from the past week, see the Technology Index on the IHT's World Wide Web site at <http://www.ihl.com>. Articles include:

- Shadowy Market for Private Data is Booming, June 18
- Web Sites Find a Local Presence Helps, June 15
- Eavesdropping by the French Is Worldwide, Magazine Says, June 16
- Y2K Bug: Don't Panic, June 18
- MCI Agrees to Sell Entire Internet Network, June 18
- The Entrepreneur and the Net: Helping China Leap Forward, June 17
- Hotly Price Tag for Software Piracy, June 17

To reach TribTech editors or to comment on IHT technology coverage, send e-mail to [tribtech@iht.com](mailto:tribtech@iht.com).

International Herald Tribune







## OPINION/LETTERS

## U.S. Policy: Kowtow to China, Hector Japan, Dismiss India

PARIS — In 1792 King George III sent an ambassador to the emperor of China, a certain Lord Macartney, to demand that China end its restrictions on Britain's China trade. Lord Macartney was escorted to the Manchu summer capital under banners proclaiming that he and his entourage were foreign "tribute bearers."

President Bill Clinton will shortly arrive in China under what amount to the same banners, since he intends to be received by Chinese officials in Tiananmen Square.

Neither Mr. Clinton nor his staff seem to grasp that after the bloody suppression of Chinese dissenters around Tiananmen Square nine years ago, and the subsequent international campaign of reprisals against China led by the United States, the symbolism of an American president's appearance there is

By William Pfaff

lating the American press and television, at which they have been very good indeed.

However, China — and Asia in general — is politically and morally light-years from self-absorbed and media-obsessed Washington. It is pure hubris for Mr. Clinton's people to think that the Chinese will not be able to impose their own interpretation of the concession Mr. Clinton makes to them by participating in a ceremony at Tiananmen Square.

I do not write this as someone who thinks China should be isolated, even if that were possible. The United States should have correct, "normal" relations with China.

I sympathize with the Clinton administration's resistance to subordinating political and commercial relations with China to Congress's erratic if persistent efforts to dictate how other states should conduct their internal affairs.

The administration's business-driven China policy may not be very edifying, given Washington's proclaimed commitment to global human rights, but such is American realpolitik.

Telecommunication satellite and other high-technology sales to China are big money. Manufacturing there profits U.S. investors. But the kowtow is a grave error even as part of a policy of commercial, or political-commercial, "realism" with respect to China.

The unwillingness to be candid with China makes a striking contrast with Washington's determination to bend Japan to its will. In recent months, and in certain respects over several years, there has been a drumbeat of American demands that Japan change its economic, fiscal and commercial policies, and even that it change its domestic economic system.

For many Japanese, what in the 1980s was taken as a legitimate conflict with the United States over economic ideas and priorities today seems an intolerable set of pressures. The United States is seen as wanting to dictate the economic terms of Asian sacrifice for the sake of American prosperity — while having its own improvidence financed by Japan's purchase of U.S. Treasury bonds.

The result has been an important rise in anti-Americanism in Japan and the emergence of a significant revisionist current of thought regarding World War II and its leaders, who were formerly condemned as war criminals.

Japan's history demonstrates that it is capable of abrupt and profound reversals of national direction — as happened in 1945, after defeat, and before that in the

Meiji Restoration of 1868 (inspired by anti-foreign sentiments).

Why is China more worthy of Washington's respect and attention than Japan? There is no comparison between the two as present, or future, Asian powers.

Why should India, a democracy that considers China a military threat, have been treated with such indifference or even hostility in Washington (since long before the Clinton administration) that it decided to exercise its nuclear option, enormously increasing the military stakes in its border rivalries with both China and Pakistan?

How are Asian policy priorities set in Washington? Why is China given deference, Japan scornful criticism and India America's condescension? America's voters are owed an answer to these questions, quite as much as those Asians who are affected by Washington's policies — and prejudices.

International Herald Tribune, Los Angeles Times Syndicate.

## Alfred Kazin and an Important American Voice

By Richard Pells

BONN — Well before Alfred Kazin's death on June 5, people in the universities had stopped reading his books, just as they long ago stopped reading Edmund Wilson and Lionel Trilling.

It is not hard to understand why. Mr. Kazin, like Messrs. Wilson and Trilling, was regarded as a fossil, his preoccupations no longer relevant to current academic "debates."

Mr. Kazin was indeed a relic, from an era when professors cared about literature, not literary theory. Mr. Kazin also had the quaint idea that novels mattered, that they illuminated the central social issues and moral dilemmas of a country's history. Hence he believed that critics ought to avoid jargon and speak clearly to ordinary readers as well as to the politically powerful.

Scholars today — especially in English departments, both in America and Europe — no longer think, as Mr. Kazin once did, that they need to address the outside world. Their interests have narrowed and their prose style has become unintelligible. Few of them would want to write a book like Mr. Kazin's "On Native Grounds," his passionate and panoramic interpretation of modern American writing, published in

1942, when he was only 27 years old.

"On Native Grounds" was both a debut and a tour de force. Mr. Kazin wrote as if nothing, not even World War II, was more imperative than deciding how one felt about Hemingway, Fitzgerald or Faulkner, as if

## MEANWHILE

in their work one could uncover the nation's hidden meaning and destiny. He infused his book with a lyrical sensitivity to the American past. But he also insisted on the novelist's contemporary importance, especially as a critic, to the larger society.

Yet World War II transformed Mr. Kazin's life. He became a leading member of a brilliant generation of intellectuals, dispatched by Washington to teach Europeans about America's history and literature.

The fact that Americans should be instructing Europeans about anything was a reversal of the long-held notion that America's culture was inferior to Europe's.

Mr. Kazin was present at, and a

major participant in, the creation of a new balance of cultural power that has not shifted since.

He kept writing until the end of his life about America's literature and its political life. Though fascinated by the nation's dynamism, he was often acerbic about the uses of American power.

He remained ambivalent about the United States in part because he was a child of immigrants, his parents having fled prerevolutionary Russia for an impoverished Jewish ghetto in Brooklyn.

In "A Walker in the City," published in 1951, Mr. Kazin remembered what it was like to be suspended between the ancient culture of his parents and the allure of America.

As a child, he recalled, he had always felt duplicitous. He longed to be faithful to the customs, language and religion of his forebears. But he had an overpowering ambition to conquer Manhattan, the mythical city of the "gentiles."

Mr. Kazin understood that the pilgrimage from Brooklyn to Manhattan was a rite of passage from immigrant poverty to success, often more material than spiritual, in America. But he knew, too, that such

a triumph could be achieved only by betraying one's ethnic roots.

"A Walker in the City" is about the psychic strains and sense of loss that attend the journey from outsider to insider, alienation to assimilation. And it captures the experience of all immigrant groups in America, from the Europeans in the late 19th century to the Asians and Latin Americans at the end of the 20th century.

Mr. Kazin's portraits of the cultural tensions between America and Europe, and between the immigrants and America, are as pertinent today as they were when he wrote them a half-century ago.

Just as important, Mr. Kazin had an exemplary command of the English language. His books still deserve to be read, above all by academics who are too rarely pertinent or stylistically elegant. That they no longer care about Mr. Kazin is their loss.

The writer, a Fulbright professor at Bonn University, is the author of "Not Like Us: How Europeans Have Loved, Hated and Transformed American Culture Since World War II." He contributed this comment to the International Herald Tribune.

## Why is China more worthy of Washington's respect and attention than Japan?

what Chinese in the past would have described as performing a kowtow.

Webster's defines this as "the prostration made by kneeling and touching the forehead to the ground ... by way of homage, worship or deep respect."

Mr. Clinton says he should not dictate to China's leaders how they receive him in their country. However, Lord Macartney, when he was received by the Chinese emperor, stiffly refused the protocol kowtow, informing the emperor's officials that he represented a sovereignty whose representatives knelt to no foreign authority.

Mr. Clinton, too, could just say "no," very politely: suggesting that the Chinese government will understand that the arrangement it proposes is inconvenient. The Chinese would understand. An important message would have been conveyed, and received.

When one says this to Clinton administration officials, they reply, "But what if the president says something important at Tiananmen Square about human rights?"

It is clear the president intends to make such a statement. This means the president and his associates are convinced that their ability to manipulate press and public opinion outstrips that of the Chinese, even when speaking in China itself, to Chinese and to Asian audiences.

This is extraordinarily rash, or naive, and is based on their experience of manipu-

## LETTERS TO THE EDITOR

## We Need a 'Uno'

Regarding "Japanese Rush to Convert Yen to Other Currencies" (Finance, June 16):

Doesn't the current flight out of the yen prove once more that a global economy requires a single global currency to prevent chaos? With a single global currency, the debacle in Asia would have been confined to corrections in the Asian stock markets and would not have seen the panicked flight of capital.

It is absurd that the currency of a country with a huge trade surplus — Japan — should collapse while that of the United States — which is running a huge trade deficit — should remain strong.

Money should, after all, be a steady measure of value, not a commodity in itself. How would international trade fare if the weight of the kilogram were different all over the world and changed drastically from day to day?

We Europeans are on the right track with the euro, but the world must go on to the uno, or whatever, if we are to overcome the vested interests in money manipulation and in currency trading and speculation.

RAINER ESSLER, Avignon, France.

## Redress for Victims

Regarding "Without Justice, No Security for Ordinary People" (Opinion, June 16) by Lloyd Axworthy:

In discussing the creation of an international criminal court in an age of wartime brutality, Canada's foreign minister focuses on the security of ordinary individuals.

That worthwhile objective of the current United Nations

conference, which is meeting in Rome to create such a court, will not be fully achieved without the creation of a mechanism to allow redress for the victims of genocide, war crimes and crimes against humanity.

Redress, which will be debated by the conference, should include the possibility of rehabilitation of the survivors as well as restitution and reparations.

For those who care enough, a just and effective international criminal court must not only try and, if appropriate, punish those who have escaped responsibility at the national level for their heinous crimes. It must also provide redress for their victims.

HARRIS O. SCHOENBERG, New York.

The writer is director of UN affairs at B'nai B'rith International.

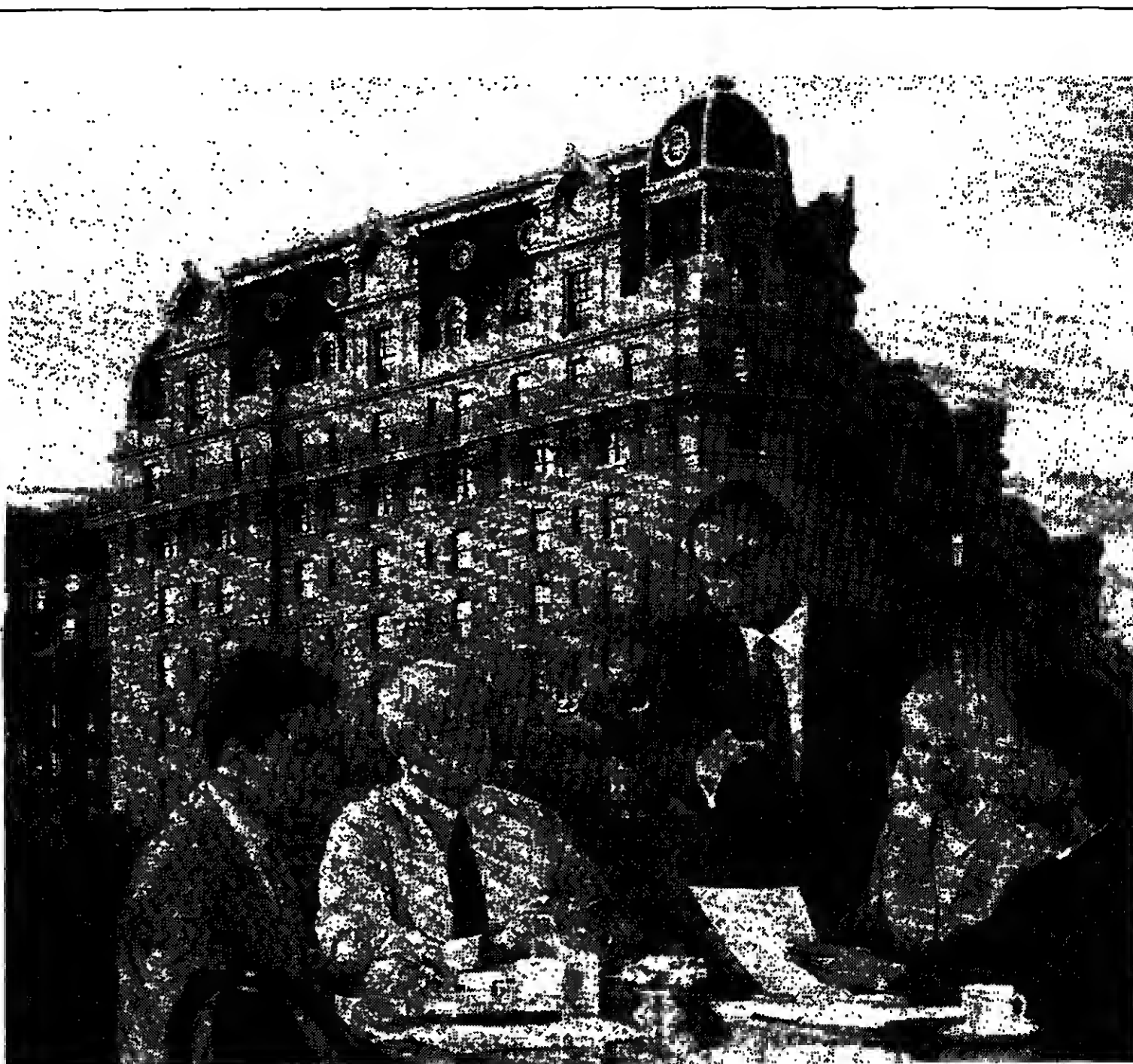
## Rightist Maneuver

It seems unbelievable that a nation would even consider impeaching its leader merely because he might have had a sexual affair with a consenting adult and then lied about it (which any gentleman would do).

To compare this with Watergate is ridiculous, since Watergate involved the cover-up of a crime. As far as I know, a consensual sexual affair is still not a crime in the United States.

It is all too obvious that the "independent" counsel's investigation is a purely political maneuver by right-wing forces to eliminate a popular president whom they could not eliminate at the polls.

NORMAN NAROTZKY, Barcelona.



Willard Inter-Continental, Washington D.C.

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SAN PEDRO SULA  
SAN SALVADOR  
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INTERNATIONAL

# Ban on Air Raids Brings Some Relief to Eritrean Capital

By Carol Pineau  
Special to the Herald Tribune

ASMARA, Eritrea — On the streets of Asmara, one can again hear the sounds of children's laughter. The city's airport was hit by Ethiopian air raids almost two weeks ago. As the war between the two Horn of Africa neighbors escalated, a cloud of fear had spread over the Eritrean capital. Asmarans were waiting for the next bomb to fall.

On Monday, the capital came back to life, though with a bit of a cautious edge, after Ethiopia and Eritrea agreed to an immediate ban on air raids. The agreement followed diplomatic efforts by an Italian delegation and phone calls from President Bill Clinton to President Is-

## Clinton's Phone Calls and Italian Diplomats Helped Get Truce

saia Afwerki of Eritrea and Prime Minister Meles Zenawi of Ethiopia. From the Eritreans' side, it was a no-lose proposition. They have said they will use military air power only as a defense or in retaliation to attacks by Ethiopia.

The threat of air attacks on Eritrea's airport and Red Sea ports had effectively created an economic blockade, as international carriers refused to fly into Asmara and insurance prices skyrocketed for ships calling on Eritrean ports. With the current agreement, airlines may start flying into Asmara by the end of the week.

A sense of trust between the two

formerly close neighbors is perhaps the first casualty of this war. In Eritrea, Mr. Issais called the agreement a positive step, but cautioned that it should not be seen as the end of the war.

Above all, he asked whether the agreement will hold.

"We cannot rely on this commitment," he warned. "Unless the intention of using force, which has been officially declared by the Ethiopian side, is waived, we cannot possibly feel comfortable fully about this moratorium."

There have been no reports of ground strikes since the agreement was reached Sunday. The past 10 days of escalating warfare have put the conflict on what

Mr. Issais called "a new playing ground," but he added that the international community was now more aware of the dangers of this conflict getting out of hand. "Any agreement will have to have a third party," he said, explaining that in Eritrea there is a saying — if you make an agreement, always have a witness, a guarantor.

"We need a guarantor, we need an agreement that would be binding," the president said. "It's no longer a situation where trust and confidence can do everything." The conflict between Ethiopia and Eritrea arose in early May when the Ethiopian Parliament condemned Eritrea for border infractions.

Eritrea countered it was merely retaking land grabbed by Ethiopia over the previous six months.

At stake is an ill-defined border created by the Italians almost 100 years ago during the colonial era. The Organization of African Unity has stated that colonial borders must stand.

Five presidents from African countries are scheduled to arrive in Asmara on Friday to further negotiate the conflict. But when asked about the OAU initiative, Mr. Issais called it "one of the efforts — no more, no less."

Rather, the Eritrean president proposed a technical solution. "Let's demarcate the border and finish the issue," he suggested. "If we agree on that, it is a technical matter which could be done by experts."

# Israel Jails 2 Teenagers In Killing of Palestinian

By Joel Greenberg  
New York Times Service

JERUSALEM — Two Israeli teenagers living in a hostel for troubled youths in a Jewish settlement near Hebron were jailed Wednesday for killing a Palestinian farmer on a West Bank roadside when they hit him with a wooden pole from a passing van.

The Palestinian, Abdel Majid Abu Turki, 47, a father of 10, was attacked Tuesday near the settlement of Beit Haggai. Details of the incident emerged Wednesday as the 16-year-old suspects held for six days pending charges.

The teenagers had confessed to the killing earlier and re-nacted it with police investigators.

"The murder is a shocking murder, and we can't accept it," Prime Minister Benjamin Netanyahu said.

Ahmad Tibi, an adviser to the Palestinian leader, Yasser Arafat, said the "terrible incitement against the Palestinians" by Jewish settlers was to blame for the slaying.

The Israeli police said the teenagers killed Mr. Abu Turki with a wooden pole they thrust out of a van as they rode to Beit Haggai.

"We see this as a murder," said Commander Moshe Ariel, the chief investigating officer for the Israeli police in the West Bank.

But the director of the hostel, Efraim Hish, described the incident differently. "This was a prank that ended tragically when Abu Turki met his death," Mr. Hish said in a radio interview. "He is our neighbor, he worked here and we know him. Beit Haggai condemns the improper phenomenon of harming innocent people, Jews or Arabs."

Mr. Abu Turki's grieving relatives said that fate had finally caught up with him. In 1994, they recalled, he was in the Tomb of the Patriarchs shrine in Hebron when a Jewish settler opened fire, killing 29 Muslim worshippers. Mr. Abu Turki emerged unscathed.

## ADDIS: How 2 Old Friends Got Into War

Continued from Page 1

Clinton's personal call to stop bombing each other. The cease-fire applies only to the air war, which in several rounds of raids over the past 11 days has produced mostly civilian casualties. The deadliest raid occurred in the Ethiopian city of Mekele, where Eritrea dropped cluster bombs near a school.

"It was not intentional," Mr. Issais said in an interview.

Diplomatic efforts are now focused on halting the ground war, which last week raged on three fronts, including this section of the disputed territory. The United States and Rwanda continue to try to broker a peace plan that Ethiopia already has embraced. This week, Mr. Issais and Mr. Meles will meet with four African heads of state dispatched by the Organization of African Unity in an effort to sort things out.

This scrubby terrain is a likely starting point. It was here, more than 20 years ago, that the future governments of both countries first threw in their lot together. Eritrea was a province of Ethiopia at the time, and a rebel group co-led by Mr. Issais was battling to liberate it.

At the time, the common enemy was the Ethiopian government headed by Col. Mengistu Haile Mariam, a Marxist regime so brutal that some historians told it responsible for a million deaths. When it was finally defeated by the combined rebel forces in 1991, the new Ethiopian government headed by Mr. Meles gave Eritreans the option to secede. The referendum was overwhelming; the formal 1993 separation almost serene.

At the time, both sides say, neither

paid much attention to the border. The outlines of Eritrea were established by Italians who colonized it in the late 19th century, and who gave the region its separate identity. To keep border disputes at bay, many African states uphold the integrity of colonial boundaries.

But between Ethiopia and Eritrea, proprietorship over several regions remained vague. One was the area known as Badame. Within Eritrea on maps, it continued to be administered by Ethiopia after Eritrean independence.

That caused no conflict until last year, when Ethiopia did two things. It printed maps showing Badame in Ethiopia and sent border police to enforce the new boundary.

The key conflict occurred May 6, when a band of Eritrean troops were killed in the disputed territory. Ethiopian officials maintain that the flash point came when the Eritreans refused to leave their weapons behind when crossing the border.

In any event, the clash prompted urgent talks between the two governments. Mr. Meles, the Ethiopian prime minister, said he believed the delegations had agreed formally to address the territorial issue in two months.

Then, two days later, the Eritreans moved tanks into the disputed territory. "It sort of reminds me of what happened just before the attack on Hawaii," Mr. Meles said.

Told of the comparison to Pearl Harbor, Mr. Issais made a face. "People tell stories," he said.

The two leaders, once close, have not spoken in weeks. Speculation is rife that the dispute between their nations is actually between them.

## MALAYSIA: As Asian Turmoil Worsens, Mahathir Holds On

Continued from Page 1

ruption and cronyism associated with Mr. Suharto's rule, are having an impact on Malaysia. Critics there blame ties between the government and favored business groups for much of the rising tide of bad debt that threatens to ruin companies and the banks that loaned them money, turning unemployment into a major problem.

In Malaysia, business looks after politics and politics looks after business, said a foreign analyst. "It is not in such an outrageous form as it was in Indonesia where it was so closely identified with the Suharto family and their friends, but the net effect is that resources are being taken from viable companies to bail out less viable ones."

As the pain from growing economic troubles spreads in Malaysia, critics of Mr. Mahathir has increased, not just among his political opponents but in the ranks of professionals, white-collar workers and the urban middle class, who have thrived during the years of his leadership.

"What happened in Indonesia has encouraged the growing trend of private criticism of Mr. Mahathir," said Michael Liefer, a professor of international relations at the London School of Economics, who was in Malaysia recently.

"There's a feeling that his idiosyncratic style of rule is not necessarily helping Malaysia to address the fundamental problems of its economic adversity," Mr. Mahathir has blamed currency speculators and the lack of international controls on the movement of capital for Malaysia's economic difficulties. His

often strident, nationalistic rhetoric tends to frighten foreign businessmen and investors away just when they are most urgently needed.

In contrast, Malaysia's deputy prime minister and finance minister, Anwar Ibrahim, who is Mr. Mahathir's designated successor, has embraced the need for reform. The two men have also differed over economic policy, including whether or not to assist distressed Malaysian companies with close links to the government.

Mr. Anwar told The Star newspaper last week that Malaysia should learn a lesson from the events in Indonesia and press ahead with political reforms.

"It is a fact that some of the problems we are facing are caused by the international monetary system and market forces which are unjust and do not give equal opportunity to smaller nations and developing countries," he said.

However, weaknesses in internal policies also contribute to some of the problems and this is a fact that we have to accept. If we are unwilling to accept this, then we may have to face the Indonesian situation where the people demanded changes. Therefore, we have to make changes before it is too late."

Mr. Anwar said that UMNO — the dominant party in the governing National Front coalition of 13 parties — could not protect the people's interests if government administration was not transparent and only certain groups were allowed to monopolize business opportunities.

Analysts said that some supporters of Mr. Anwar, who is UMNO's deputy president, wanted to exploit growing pub-

lic discontent over worsening economic conditions and months of water shortages in parts of the greater Kuala Lumpur area to advance the case for reform and Mr. Mahathir's replacement by Mr. Anwar.

Yet Mr. Anwar, who is 50, seems prepared to wait, perhaps because he knows that any move now to topple Mr. Mahathir would be unlikely to succeed and could backfire. Elections for UMNO party positions, which traditionally determine who becomes Malaysia's prime minister and deputy prime minister, are not due until next year.

Malaysia has so far looked relatively healthy compared to Indonesia, Thailand or South Korea, and unlike those countries did not seek help from the International Monetary Fund.

But economists say Malaysia is on the verge of recession after its gross domestic product shrank for the first time in 13 years, by 1.8 percent in the first quarter. Most analysts expect the economy to shrink by at least 3 percent in 1998.

Malaysia's opposition parties seem in no position to mount a serious challenge to the government, while there is little evidence of the kind of student activism that provided the cutting edge of reform in Indonesia.

The political opposition is divided and controls only 25 seats in the 192-member lower house of the Parliament. General elections are not due until 2000.

Still, the government is showing signs of nervousness about the potential for unrest. Since late May, the police have banned or broken up five public meetings called to express public grievances over the water shortages and other issues.

## NATO: Allies, on the Brink, Show Misgivings on Kosovo Action

Continued from Page 1

oric in the face of allied apprehensions. "A good deal more deliberation would have to take place," said Defense Secretary William Cohen following a tour of European capitals. "There is of course some disagreement as to what the legal foundation would be for the exercise of military options if they become necessary."

"There is a long step to take before we consider any further type of action in this regard," Mr. Cohen added.

Defense planners from the North Atlantic Treaty Organization are working feverishly to complete detailed military options that include possible air strikes, enforcement of no-flight zones and weapons-exclusion zones, and sending up to 20,000 troops to Albania and Macedonia to monitor their borders with Kosovo.

But a week after allied defense ministers ordered up the plans, the political and logistical problems are becoming glaringly apparent.

At first, the United States and its European allies believed that "preventive deployments" of troops stationed just outside Kosovo's borders would send a serious signal to Yugoslav forces that have been waging a four-month campaign to suppress insurgents from the Kosovo Liberation Army.

UN officials say that more than 300 people have been killed and 65,000 driven from their homes in the Serb-controlled province where nine out of 10 inhabitants are ethnic Albanians.

But that idea, supported by NATO foreign ministers last month, was scuttled after a NATO military review concluded it would only serve the interests of the Yugoslav president, Slobodan Milosevic, if allied soldiers were compelled to thwart refugees from crossing the border and block the clandestine flow of weapons from Albania to the Kosovo guerrillas.

At last week's meeting of NATO defense ministers, sentiment had shifted to the possibility of allied air strikes against Yugoslav Army targets, including command and control centers used to orchestrate the crackdown by the special police and security forces.

But after approving the mock bombing raids in show NATO's willingness to use force, allied governments began voicing misgivings about any form of military intervention.

Besides the implausible chances of securing a UN Security Council resolution, European diplomats fear that air strikes could fortify radicals on both sides of the conflict and destroy any hopes of a political compromise.

They say nationalists could escalate their challenge to Mr. Milosevic while public support for the pacifist leader of Kosovo Albanians, Ibrahim Rugova, could shift toward violent extremists of the Kosovo Liberation Army.

Militarily, U.S. and European defense planners say the nine options they are preparing will not prove easy to carry out. Air strikes would require a massive assault against the Yugoslav Army's sophisticated air-defense system and could cause civilian casualties.

Any ground action to monitor borders or remove weapons would also prove difficult in Kosovo's mountains.

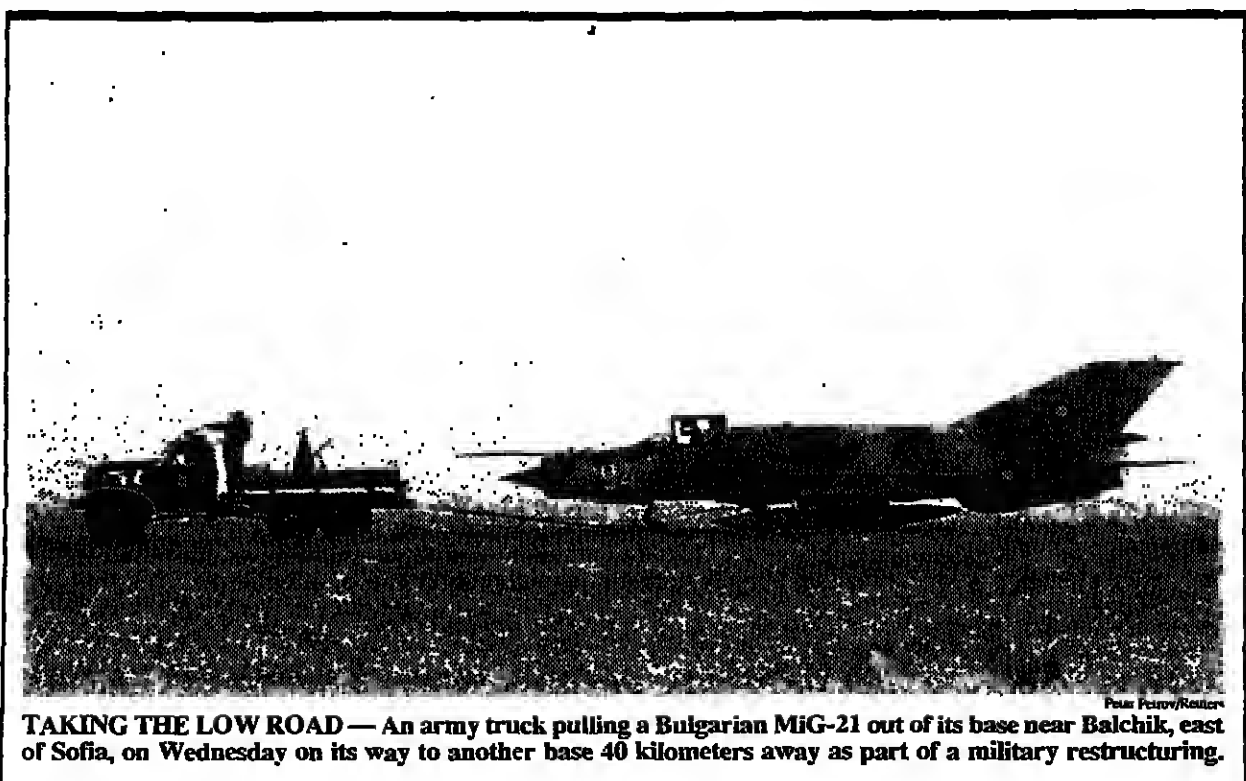
The doubts about the efficacy of military intervention have focused attention again on diplomatic initiatives.

Western governments expressed mixed feelings about the outcome of two days of talks in Moscow between President Milosevic and President Boris Yeltsin of Russia.

While skeptical about whether Mr. Milosevic's promises will translate into reality, allied governments welcomed his willingness to resume negotiations with Rugova about restoring autonomy to ethnic Albanians in Kosovo.

They also approved Mr. Milosevic's promise not to engage in repressive acts against Kosovo's "peaceful" population, to facilitate the return of refugees and to allow free movement in the province for diplomats and humanitarian organizations.

But they deplored his refusal to accept an unconditional withdrawal of all Yugoslav military forces from Kosovo until "terrorist activities" are halted and to accept an international mediator at the talks with Mr. Rugova.



TAKING THE LOW ROAD — An army truck pulling a Bulgarian MiG-21 out of its base near Balchik, east of Sofia, on Wednesday on its way to another base 40 kilometers away as part of a military restructuring.

## POLICY: Abroad, U.S. World Leadership Appears Unfocused

Continued from Page 1

man, resident fellow at the American Enterprise Institute, "making the debate much more volatile and much more unpredictable."

Zbigniew Brzezinski, who was national security adviser to President Jimmy Carter, said that both Mr. Clinton and Congress have been slighting foreign affairs.

"We have a president who got into office on the slogan, 'It's the economy, stupid,' which is another way of saying, 'It's domestic affairs, and he struck a chord,'" Mr. Brzezinski said. "Congress is more domestically oriented than before. The new Republican class is more conservative. Democrats have been somewhat ambivalent about foreign involvements since the Vietnam War."

"There is an internationalist minority," he said, "but the rank and file, and much of the political elite, really don't care — and the president epitomizes that."

But if the public is being portrayed as unsupportive of U.S. engagement abroad, opinion polls paint a more nuanced picture. Public backing for an active U.S. role has remained steady at about two-thirds since shortly after World War II, opinion polls show. At the same time, there are indications that people are paying less attention to the details of issues that often seem far from gripping.

"The level of public support for engagement in general is consistent and strong," said Steven Kull, director of the Program on International Policy Attitudes at the University of Maryland. Majorities of about 60 percent of Americans favor both IMF funding and payment of all UN dues, according to recent surveys, said

Mr. Kull, author of a major study called "The Foreign Policy Gap." Fast-track authority, a murky idea in the public mind, is opposed by a small majority.

Ms. Bowman, an opinion specialist, also said she believed that the public had been "very, very consistent for a long time" in its views — consistently internationalist, if reluctantly so, and tinged by "an underlying subterranean anxiety about what this global economy means." Americans want to take part, she said, but want to be sure the burdens of leadership are equitably shared.

Are Congress and the Clinton administration misreading the public mood? Representative Lee Hamilton of Indiana, the ranking Democrat on the International Relations Committee and a veteran of foreign-affairs battles, believes so.

"Many here in Congress contend that the public opposes foreign involvement," he said. "I don't agree. I think Americans do not want to disengage from the world. They favor involvement. They favor working with our friends and allies and are keenly aware of what's going on."

The mood he senses in Congress is more unilateralist than isolationist, said Mr. Hamilton, who is about to retire after more than 32 years in the House.

"There is a suspicion of multilateral institutions, a concern about losing U.S. sovereignty and U.S. control," he said, "and that's very strong in the Congress today. It certainly is a common thread with regard to UN and the IMF."

A leading Republican voice in foreign policy, Senator Richard Lugar of Indiana, chastised the Clinton administration for what he said was inattention to the UN dues question and other for-

eign affairs issues. "On the UN business, the administration's leadership has been extremely sporadic, and I say that as one who has championed UN dues," said Mr. Lugar, a former chairman of the Senate Foreign Relations Committee.

"At no point was Clinton prepared to use either political capital or a great deal of time and effort to gain a majority in Congress who share his foreign policy views."

Representative Barney Frank, Democrat of Massachusetts, said that with the post-Cold War fracturing of the internationalist bloc, the "old isolationism of the right wing has now reasserted itself."

But liberal Democrats like himself have also at times deserted the old internationalist coalition. During the debate over granting the president fast-track authority, many Democrats sharply objected, taking the position, as Mr. Frank put it, that the "globalization of trade cannot go forward without programs that take care of the inequalities they generate."

Mr. Frank and others wanted guarantees that countries the president negotiates trade accords with would end child labor, protect the environment and respect labor rights. Similarly, conservative Republicans have objected to most-favored-nation trade status for China, citing issues including environmental and human-rights concerns and thus pitting themselves against the free-trade faction of their own party.

The end of the Cold War thus laid bare fault lines that run through both parties. Geographic divides are re-emerging, too, according to Peter Trubowitz, a government professor at the University of Texas at Austin, and author of "Defining the National Interest." He notes that Republicans tend to favor policies such as military spending and free trade that serve Sun Belt interests — those of the aerospace, computer, construction, agriculture and real estate businesses — while Democrats oppose policies that might induce companies to move factories abroad, threatening Rust Belt jobs.

"It's become more of a problem for Newt," Frank said, referring to the speaker of the House, Newt Gingrich, Republican of Georgia. "His business and agricultural wings are very much for IMF, but not his social wing."

Mr. Frank said, however, that the administration had learned its lesson about coalition-building. "The administration wouldn't listen to us on fast-track, and they lost," he said. "But now we've engaged with the administration."

Louis Goodman, dean of the American University School of International Service, said that it could take years to forge a new internationalist coalition.

If there's to be an effective coalition in the United States that votes for fast-track, supports funds for the UN, provides added funds for the IMF — all of which we're going to need to engage internationally — it needs to be a different coalition from the one that's historically passed major bipartisan legislation, Mr. Goodman said.

He does not see Congress turning its back on the world, however, but simply trying to reframe it in more relevant terms. "Most congressmen understand that we have to engage with the world — even Burton and Helms do — but on what terms?" he said, referring to two conservative Republican congressmen, Representative Dan Burton of Indiana and Senator Jesse Helms of North Carolina. "What will benefit their constituents and what will not benefit their constituents? Still, I haven't run into any congressmen who think we can hide behind our two oceans — so much of our economic prosperity depends on trade."

TOMORROW: The numbers show that Americans are increasingly looking abroad.

## BRITAIN: Inflation Breeding New Fears

Continued from Page 1

the deep recession of the early 1990s, the prospect of a significant slowdown poses a big risk to the Labour government. Prime Minister Tony Blair's record popularity is widely attributed to the robust economy he inherited, and the government is counting on continued growth to make its key welfare-to-work policy a success.

The rise in earnings was also expected to fuel demands for pay increases for nurses, teachers and other public-sector employees, a pressure highlighted by a strike over pay that idled the London Underground transport system on Monday and Tuesday.

"This is the last thing that Labour wanted," said Richard Jeffrey, chief economist at Charterhouse Tilney Securities Ltd. "If interest rates go higher and unemployment starts to increase, the government will inevitably get blamed for that."

Britain's combination of rising inflation and slowing growth also contrasts sharply with most of its European partners, which are enjoying accelerating growth while inflation remains dormant. That divergence will complicate government efforts to prepare the country for entry into the single European currency early in the next decade, analysts said.

The Office for National Statistics reported that average earnings rose 5.2 percent in the year to March, up from 4.9 percent in February. The figure hid a huge disparity as private-sector workers saw their pay rise 5.9 percent on average while public-sector workers got just 2.5 percent.

Employment Minister Andrew Smith said the figures provided "serious cause for concern" and called on workers and employers to adopt more moderate pay increases.

But John Entwistle, president of the British Chamber of Commerce, dis-

missed the government's appeal, saying pay rises were "a necessary response to skills shortages."

The statistics office also reported that the number of people claiming unemployment benefits rose by 1,700 to 1,364 million in May, the first rise since February 1996. The opposition Conservative Party seized on the figures as a violation of Labour's election promise to reduce joblessness.

"Another Labour pledge is unraveling," said David Wille, the party's employment spokesman.

The dilemma for British policymakers is that the economy retains considerable momentum as it enters its sixth year of recovery, so that even as growth slows, wage and price pressures continue to mount. Unemployment remained unchanged in May at 4.8 percent, while the figure according to the type of labor force surveys used in Continental Europe stood at 6.4 percent, far below the European average of 10.2 percent.

Eddie George, the governor of the Bank of England, conceded Tuesday that he "may have made a mistake" by rejecting higher interest rates earlier this year in the belief that growth and inflation would ease. Other members of the monetary policy committee told a House of Commons committee that the unemployment rate appeared to be below the level compatible with the government's inflation target of 2.5 percent.

Meanwhile such expansionary government policies as the introduction next year of a minimum wage and a decision last week by Gordon Brown, the chancellor of the Exchequer, to increase public spending by 2.75 percent a year in inflation-adjusted terms will only increase pressure on the central bank to raise rates, many analysts believe.

"Relative to the rest of the world, U.K. inflation stands out like a sore thumb," said Kevin Gardiner, senior economist at Morgan Stanley Dean Witter in London.

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# Israel Jails 2 Teenagers In Killing of Palestinian

By David Greenberg  
JERUSALEM — Two teenagers were jailed in a hotel for the killing of a Palestinian in a shooting in the West Bank. The teenagers, who were 17 and 18 years old, were arrested by Israeli police on Tuesday. They are accused of shooting and killing a 22-year-old Palestinian man, who was a member of a militant group. The teenagers are being held in a military prison in the West Bank. Their parents are demanding their release and saying they are innocent. The Israeli military says the teenagers were part of a suicide bombing attempt. The killing occurred in a crowded area. The teenager who was 18 years old is being held in a military prison. The other teenager, who was 17 years old, is being held in a civilian prison. The teenagers are being held without trial. Their parents are demanding their release and saying they are innocent. The Israeli military says the teenagers were part of a suicide bombing attempt. The killing occurred in a crowded area.

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## Herald Tribune BUSINESS/FINANCE

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### Voices Multiply: The End Is Near for U.S. Boom

By John M. Berry  
Washington Post Service  
WASHINGTON — U.S. economic growth is about to slow sharply because of a combination of negative forces, an increasing number of forecasters believe. Those forces include the financial turmoil in Asia that is causing the U.S. trade deficit to swell, shortages of labor, an unsustainable rise in business inventories, and a flat or falling stock market. A small rise in inflation from the extraordinarily low rate over the past year could also help dampen growth, these analysts say. For instance, the Labor Department reported Tuesday that higher prices for fresh fruits and

vegetables, tobacco, prescription drugs and apparel helped raise consumer prices by 0.3 percent last month, the largest monthly rise in a year and a half. Macroeconomic Advisers, a St. Louis forecasting firm, told its clients last week that by midyear, the U.S. economy would enter a period of "persistent" slower "growth during which the gross domestic product will expand only 2 percent, the unemployment rate will climb to 5 percent" and "inflation will rise a percentage point, to roughly 2.5 percent." That would be less than half the 4.8 percent annualized growth rate for the first three months of this year. It is also only a little more than half the 3.7

percent increase in inflation-adjusted GDP over the past four quarters. Often in long-running economic expansions, rising inflation triggers a series of events — such as interest rate increases by the Federal Reserve Board to combat worsening inflation — but few analysts expect that to happen this year. "Despite the slightly higher-than-expected May figure for the CPI, the 12-month change is still only 1.7 percent, which is in line with our long-standing forecast for CPI inflation in 1998," said Maury Harris, chief economist at PaineWebber Inc. in New York. Excluding volatile food and energy prices, the so-called core consumer price index rose 0.2 percent last month and is up 2.2

percent since May 1997. The clearest evidence of a coming slowdown in growth is in the manufacturing sector of the economy, where production rose only 0.2 percent last month and thus far in 1998 has averaged only a 0.1 percent monthly gain, the Federal Reserve reported Tuesday. Overall industrial production, which includes output of the nation's factories, mines and utilities, rose 0.5 percent last month, largely because unseasonably warm weather increased demand for electricity. In a separate report, the Commerce Department said Tuesday that housing starts fell 0.7 percent last month to an

See ECONOMY, Page 15



Traders monitoring stocks Wednesday in New York as the market soared.

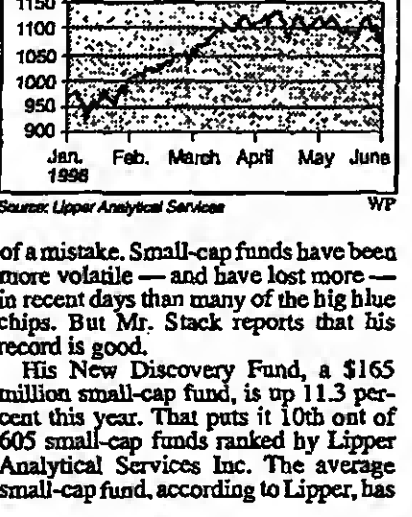
### Some Fund Managers Fret, Some Take Long View

By Sharon Walsh  
Washington Post Service  
NEW YORK — If you have been going through some nail-biting sessions lately as you watched 80 percent of the companies on the New York Stock Exchange decline 10 percent or more in value, imagine being a professional money manager. Not only are money managers constantly aware that they are managing hundreds of millions or even billions of dollars that belong to other people, but they are also continually being watched, analyzed and rated by various fund-watchers groups. Still, a scattering of fund managers this week shrugged off the recent turbulence in the market, noting that the game is a long one. Any fund manager who got ulcers over a few bad days, they said, would never be able to go the distance.

Even the fact that Japan has just acknowledged that it is in a recession can be considered good news, he said, because now the Japanese government will be forced to take corrective steps that, in the long run, will be good for world markets. Mr. Bonnell does not think we are headed for a bear market, though if he did, he would find a positive side even for that. "I live by the motto: Fortunes are made in bear markets and realized in bull markets," he said. Most fund managers said their investing strategies have not changed because of recent events in Asia. The key, they said, is doing the homework, buying quality companies and holding on to them for the long run.

Brian Stack, vice president and portfolio manager for the \$2.5 billion MFS Institutional Emerging Equities Fund at MFS Investment Management in Boston, described his strategy for investing in small companies this way: "Our decisions are rooted in the research, in kicking the tires, getting to know the management and the company," he said of his strategy for small companies, those worth less than \$1 billion. "We're skeptical of Wall Street research and of consensus," said Mr. Stack, who invests in companies worth less than \$1 billion. He emphasizes owning small companies with predictable revenue for three to four years. The research is vital for smaller companies because there are fewer shares outstanding and the daily trading volume is small, so it is tough to get rid

of a mistake. Small-cap funds have been more volatile — and have lost more — in recent days than many of the big blue chips. But Mr. Stack reports that his record is good. His New Discovery Fund, a \$165 million small-cap fund, is up 11.3 percent this year. That puts it 10th out of 605 small-cap funds ranked by Lipper Analytical Services Inc. The average small-cap fund, according to Lipper, has returned only 0.42 percent. "Within my little, narrow spectrum, we've done quite well," Mr. Stack said. Many fund managers claim the various rankings of funds do not matter to them, but they do acknowledge they are important to investors and to the brokers who sell the funds and put together financial plans for their clients. In recent days, Mr. Stack said the Asia situation has made him nervous. But he copes by running more frequently along the Charles River. "I keep in mind that it's a marathon, not a sprint," Mr. Stack said. Some big fund managers could take a lesson from individual investors, several of the professionals said. "Lately, some individual investors have taken the down days better than some fund managers," said Gregory Adams, senior portfolio manager at Chase Vista Funds, who noted that individual investors have learned to ride with the punches and hold on for the long run.



Take this week, for instance, Mr. Adams noted that if you got rattled Monday, when prices were down, and sold, you would be sorry on Tuesday, when the Dow rose 37.36, or 0.43 percent, to 8,665.29. The Nasdaq composite index was up 37.37, or 2 percent, to close at 1,753.12, following a surge in technology stocks. "This is a highly competitive, pretty intense business on any day," said James Wiseland, co-manager of the \$7.3 billion United Income Fund at Waddell & Reed Financial Services in Kansas City, Missouri. Lately, he said, the level of intensity has risen. The way he copes is simply to work harder, go to bed a little later, after checking the Internet for foreign market information, then get up earlier to check the foreign markets again.

### Hope for Asia Helps To Revive Wall Street

Stocks Soar as U.S. Fed Moves to Bolster Yen

NEW YORK — Stocks soared Wednesday amid a brighter profit outlook for U.S. exporters as most Asian markets rallied and after the United States moved to help bolster Japan's ailing economy by selling dollars for yen. The rebound in the Japanese currency prompted gains in U.S. exporters such as DuPont, American Express and United Technologies as the outlook for their earnings brightened. Stocks fell in recent weeks as the numbing yen threatened to delay Asia's recovery, which would damp demand for U.S. products from computers to elevators to financial services. The Dow Jones industrial average closed 164.17 higher, or 1.9 percent, to 8,629.46. The Standard & Poor's 500 Index gained 19.52 points, to 1,107.11, and the Nasdaq composite index climbed 23.28 points, to 1,776.40. Advancing stocks led declining issues on the New York Stock Exchange by a ratio of more than 3 to 1. The dollar slide eases "the pressure on earnings," said Guy Truicko, a money manager at Unity Management in Lake Success, New York. "The technology sector and the capital-goods sector get a significant portion of their sales and earnings from Asia." A weaker U.S. currency means

American goods will be more attractively priced for Asian consumers and businesses, while a strong yen could stem the flow of investment capital from slowing Asian economies. DuPont rose 3 1/2% to 75 15/16. The largest U.S. chemical company said last month that weak Asian demand would make it difficult to meet its goal of raising earnings by 10 percent this year. United Technologies, which makes Otis elevators, rose 3 1/2% to 89. Weak Asian sales prompted the company to cut 2,000 jobs at Otis in April. American Express rose 4 1/16 to 106 1/16. American Express would benefit from a more optimistic outlook in Asia, where it issues charge cards and offers private banking. The resolve to strengthen the yen and help Japan's economy bodes well for corporate earnings in coming quarters. "Investors in the stock market look six to nine months ahead, and they're starting to see" improvement, said Art Bonnell, a money manager at U.S. Global Investors in San Antonio, Texas. Oil stocks surged, led by Texaco, which rose 3 1/2% to 78 1/2. Crude oil prices rose as Gulf countries promised further production cuts to ease a global oversupply that sent prices

See MARKETS, Page 12

### Strike Impact Grows, Cutting GM's Output

FLINT, Michigan — General Motors Corp. and the United Auto Workers resumed negotiations and public sparring Wednesday as the impact of two Michigan parts-plants strikes spread, wiping out two-thirds of the world's largest automaker's daily North American production. The UAW held a public rally in Flint, the site of the strikes, while union leaders prepared to leave the city — and face-to-face talks with GM executives — for a UAW convention in Las Vegas. GM, meanwhile, decided to make Don Hackworth, group vice president and architect of its North American labor policies, available to the press. Publicly and privately, neither side seemed willing to budge on the basic issues — GM's push to cut costs versus the union's determination to save jobs. Analysis said the strikes may be resolved as the last big walkout at GM two years ago was, with the union scoring some immediate gains but GM holding fast to its vision of a smaller, more productive work force. "After a certain point, GM will move



Striking GM employees waving signs in response to honking drivers.

to settle by giving the locals significant short-term victories," said Dan Luria, a researcher at the Industrial Technology Institute in Ann Arbor. "However, when settling past strikes, they've avoided long-term commitments that would actually disrupt its downsizing plan." For example, GM settled a 17-day brake plant strike in Ohio in 1996 out by promising to build a new generation of

anti-lock brakes at the affected plants, as the UAW wanted. Instead, it promised to keep enough brake work there to provide jobs for existing workers until they retire, he said. The strikes by 9,200 UAW members at a metal-stamping plant and a Delphi instrument panel and parts plant caused GM to close the 18th of its 30 North American assembly plants.

### GM and UAW Face Off on Efficiency

Firm's Operations in Brazil, Copied From Japan, Are the Most Profitable

By Keith Bradsher  
New York Times Service  
DETROIT — The strikes now crippling General Motors, while partly about short-term job security and workplace safety disputes, reflect a larger struggle over whether America's auto industry will adopt the manufacturing techniques now being introduced at new factories in countries like Brazil. GM's operations in Brazil have copied Japanese manufacturing practices on a massive scale and have become the company's most profitable, efficient and flexible. When GM introduced new mid-size sedans in the United States and Brazil two years ago, a Kansas factory took seven months to make the switch while the Brazilian factory reached full production in just three months. The last two presidents of GM's Brazilian operations, Richard Wagoner Jr. and Mark Hogan, now run GM's North American operations and are trying to apply Brazil's lessons here. "We can take what we've learned in the manufacturing and technology in Brazil and apply that in the United States, and that's every bit my intention," said Mr. Hogan, GM's vice president for small cars, in an interview last year in Sao Paulo.

Outside suppliers in Brazil are assembling many of the parts for new cars before delivering them to the assembly plants — sending partially assembled dashboards, for example, instead of speedometers, gas gauges, radios and glove boxes. Automakers used to bolt all these parts together inside an assembly plant, and GM still does in the United States, even though this occupies a lot of costly floor space and increases labor costs. But where GM sees efficiency, the UAW sees a threat. Many of GM's moves in Brazil have reduced the number of people needed per vehicle produced, particularly during final assembly.

UAW's vice president for small cars, Richard Shoe-maker, said the UAW's vice president for GM issues. Strikes at two parts factories in Flint, Michigan, have forced GM to close 17 of its 29 North American assembly plants so far for lack of parts. See GM, Page 15

CURRENCY & INTEREST RATES									
June 17									
Cross Rates									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	SAR	THB
Australian \$	0.68	1.00	0.68	100.00	0.68	0.68	7.76	2.47	3.76
British pound	0.68	1.00	1.00	100.00	0.68	0.68	7.76	2.47	3.76
Canadian \$	0.71	1.00	0.71	100.00	0.71	0.71	8.08	2.58	3.95
French franc	6.55	100.00	6.55	100.00	6.55	6.55	76.56	23.75	36.36
German mark	1.36	100.00	1.36	100.00	1.36	1.36	15.83	4.93	7.46
Italian lira	1,936	100.00	1,936	100.00	1,936	1,936	22,364	6,907	10,364
Japanese yen	100.00	100.00	100.00	100.00	100.00	100.00	1,190	363	547
New Zealand \$	0.68	1.00	0.68	100.00	0.68	0.68	7.76	2.47	3.76
Portuguese escudo	200.48	100.00	200.48	100.00	200.48	200.48	2,364	725	1,091
Spanish peseta	166.37	100.00	166.37	100.00	166.37	166.37	1,936	595	891
Swedish krona	8.46	100.00	8.46	100.00	8.46	8.46	98.49	29.83	44.75
Swiss franc	1.48	100.00	1.48	100.00	1.48	1.48	17.36	5.35	8.03
Taiwan dollar	35.48	100.00	35.48	100.00	35.48	35.48	405.40	123.65	185.48
Thai baht	3.76	100.00	3.76	100.00	3.76	3.76	43.75	13.36	20.00
Turkish lira	1,800.00	100.00	1,800.00	100.00	1,800.00	1,800.00	21,600	6,480	9,720
U.S. dollar	1.00	1.00	1.00	100.00	1.00	1.00	11.90	3.63	5.47
Yen	100.00	100.00	100.00	100.00	100.00	100.00	1,190	363	547
Libid-Libor Rates									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	SAR	THB
1-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
1-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Key Money Rates									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	SAR	THB
1-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
1-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Other Dollar Values									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	SAR	THB
Australian \$	0.68	1.00	0.68	100.00	0.68	0.68	7.76	2.47	3.76
British pound	0.68	1.00	1.00	100.00	0.68	0.68	7.76	2.47	3.76
Canadian \$	0.71	1.00	0.71	100.00	0.71	0.71	8.08	2.58	3.95
French franc	6.55	100.00	6.55	100.00	6.55	6.55	76.56	23.75	36.36
German mark	1.36	100.00	1.36	100.00	1.36	1.36	15.83	4.93	7.46
Italian lira	1,936	100.00	1,936	100.00	1,936	1,936	22,364	6,907	10,364
Japanese yen	100.00	100.00	100.00	100.00	100.00	100.00	1,190	363	547
New Zealand \$	0.68	1.00	0.68	100.00	0.68	0.68	7.76	2.47	3.76
Portuguese escudo	200.48	100.00	200.48	100.00	200.48	200.48	2,364	725	1,091
Spanish peseta	166.37	100.00	166.37	100.00	166.37	166.37	1,936	595	891
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Turkish lira	1,800.00	100.00	1,800.00	100.00	1,800.00	1,800.00	21,600	6,480	9,720
U.S. dollar	1.00	1.00	1.00	100.00	1.00	1.00	11.90	3.63	5.47
Yen	100.00	100.00	100.00	100.00	100.00	100.00	1,190	363	547
Forward Rates									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	SAR	THB
1-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
1-year	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

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## Russia Cancels Sales Of Short-Term Debt

Move Said to Reflect Confidence on Aid

MOSCOW — Russia raised less than a third of the \$1.54 billion it needed to pay off debt maturing on Wednesday from an auction of three-year bonds, after canceling two sales of short-term debt because borrowing costs were too high.

The government, which auctions bonds weekly to finance a mounting volume of maturing government paper, canceled auctions of six-month and one-year bonds.

However, it proceeded with a third auction of three-year paper, sources said.

The government raised 2.72 billion rubles (\$440 million) from the sale of the 1,183-day bonds at a price to yield 55.34 percent.

It had refused to pay yields of 57.62 percent or more demanded by investors and canceled the auctions of 9 billion rubles of 185-day bills and 5 billion rubles of 336-day bills.

The best offer on the 182-day bills was at a yield of 57.62 percent.

Investors interpreted the cancellations as a sign of strength rather than weakness, prompting speculation Russia had found alternate financing to cover immediate needs and defend the ruble after cash reserves dwindled to \$10 billion.

Russia's RTS stock index rose 10.03 points, or 5.8 percent, to close at 181.59.

Russia must make debt payments of \$9.5 billion in the next six weeks, including obligations on Wednesday and about \$30 billion this year.

"If they deliberately cancel an auction, this means that they can raise the money somewhere else," said Fredrik Lekman, a fund manager at M&F Renaissance.

He added that Russia may be considering the sale of a Eurobond soon to cover debt payments.

"The implication is of funding lined up which is cheaper," said Philip Poole, head of Eastern European research at ING Barings in London. "That's one explanation. Another would be that this is a very macho sign that they are trying to send a signal to the market that things are improving — 'We have the money; we aren't concerned.'"

## AmEx to Buy Havas Voyages for \$165 Million

PARIS — American Express Co. said Wednesday it had agreed to buy Havas Voyages, France's biggest travel agency, for about \$165 million, reinforcing its position as Europe's largest business-travel operator.

The New York-based travel and financial-services company was favored to win the bid to buy Havas Voyages from Havas SA, since the two companies have operated a joint venture in business travel in France for two years.

American Express owned 19 percent of that venture.

Vivendi SA, formerly known as Compagnie Generale des Eaux, took full control of Havas this year. At the time, Vivendi chairman Jean-Marie Messier said Havas Voyages would be sold by the end of June.

The purchase, at a cost of about 1 billion francs, comes as American Express expands its corporate travel agency network in Europe and allows the American company to

strengthen its leisure-travel activities to better compete with such rivals as Thomson Travel Group PLC.

For Havas SA, the sale is part of an effort to focus on publishing and multimedia units that are under pressure from its main shareholder, Vivendi, which is buying the 70 percent of Havas it does not own.

"Business travel is a strong place to be," said Nigel Reed, an analyst at Paribas Capital Markets. "This is yet one more consolidation in a growing sector."

American Express is already merging its Belgian and Luxembourg business-travel operations in a joint venture with Banque Bruxelles Lambert SA.

American Express wants to reinforce its travel businesses and this acquisition is in line with this strategy," said Charles Petrucci, president of American Express Travel Services Group International in Paris.

American Express's efforts come

as European business travel is expected to continue expanding as economic activity accelerates.

The adoption of a single European currency in January should spur cross-border business activity and travel, analysts said.

Business air travel grew 8 percent last year in terms of both distance and value and the growth is ex-

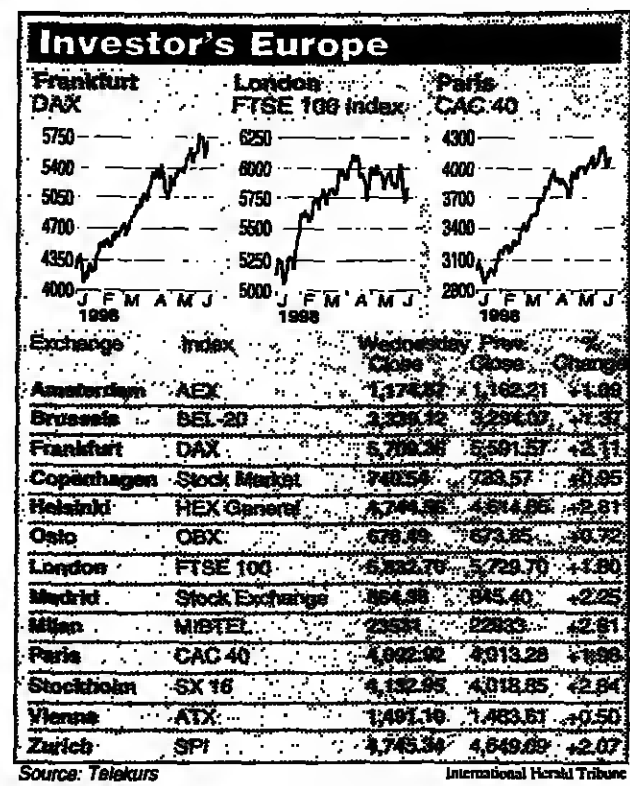
pected to maintain that pace this year, said Chris Avery, an aviation analyst with Paribas.

Havas shares rose 3.9 percent to 508 francs in Paris, while Vivendi shares rose 4.2 percent to 1,278 francs.

American Express shares rose 3.7 percent to 105.0625 in late trading in New York.



NO TO NIKE — A passenger in the Paris Metro waiting Wednesday next to a Nike poster. After protests over the "totalitarian" design of the ads, Nike said it would remove them, explaining they had been intended as a parody of the art of "peoples' republics."



Source: Reuters

Very briefly:

- Lufthansa AG, Europe's second-largest airline after British Airways PLC, said 1998 pretax profit would rise more than 21 percent, to more than 2 billion Deutsche marks (\$1.1 billion) from 1.65 billion DM in 1997.
- The German state of Bavaria plans to spend up to 2 billion Deutsche marks to subsidize and attract high-technology companies to what is increasingly becoming the Germany equivalent of Silicon Valley.
- Bezeq Israel Telecom approved a government program to sell at least another 20 percent of the company in a public offering or direct sale to investors. The government currently holds about 54 percent of Bezeq.
- Matthias Hohner AG, the maker of harmonicas, posted a loss of 13.1 million DM for the 1997/98 business year and said it would ask shareholders to approve sweeping restructuring plans.
- Billiton PLC said it would buy back up to 10 percent of its issued share capital. The announcement sent the company's shares up more than 9 percent.

Reuters, Bloomberg

## VW and Toyota Study Technology Tie

FRANKFURT — Volkswagen AG said Wednesday it was in talks with Toyota Motor Corp. for joint development of technology that would let the carmakers recycle parts for new cars and trucks.

"We are holding talks on auto recycling at the moment," said a VW spokesman, Guenther Scherlich.

Volkswagen, Europe's largest automaker, and Toyota, Japan's largest, also may cooperate on environmental technology.

Carmakers around the world are racing to create cars and trucks that will meet stricter government pollution standards. Toyota and Volkswagen have worked together before, with VW building Toyota pickup trucks under license.

## Carlton to Buy Digital-Disk Maker

LONDON — Carlton Communications PLC, the world's largest video manufacturer, agreed Wednesday to buy the compact and digital disk maker Nimbus CD International Inc. for about \$264 million.

The acquisition will bolster Carlton's Technicolor unit as the leader in making and selling movie videotapes and the newer digital video disks for Hollywood studios. Nimbus, which also makes audio compact disks, CD-ROMs and DVD-ROMs, will expand Technicolor's position in North America and Europe.

## WORLD STOCK MARKETS

Wednesday, June 17

Daily prices in local currencies

High Low Close Prev.

Amsterdam AEX index: 1744.87

Prev.: 1744.87

Amst. 100: 1744.87

Amst. 200: 1744.87

Amst. 300: 1744.87

Amst. 400: 1744.87

Amst. 500: 1744.87

Amst. 600: 1744.87

Amst. 700: 1744.87

Amst. 800: 1744.87

Amst. 900: 1744.87

Amst. 1000: 1744.87

Amst. 1100: 1744.87

Amst. 1200: 1744.87

Amst. 1300: 1744.87

Amst. 1400: 1744.87

Amst. 1500: 1744.87

Amst. 1600: 1744.87

Amst. 1700: 1744.87

Amst. 1800: 1744.87

Amst. 1900: 1744.87

Amst. 2000: 1744.87

Amst. 2100: 1744.87

Amst. 2200: 1744.87

Amst. 2300: 1744.87

Amst. 2400: 1744.87

Amst. 2500: 1744.87

Amst. 2600: 1744.87

Amst. 2700: 1744.87

Amst. 2800: 1744.87

Amst. 2900: 1744.87

Amst. 3000: 1744.87

Amst. 3100: 1744.87

Amst. 3200: 1744.87

Amst. 3300: 1744.87

Amst. 3400: 1744.87

Amst. 3500: 1744.87

Amst. 3600: 1744.87

Amst. 3700: 1744.87

Amst. 3800: 1744.87

Amst. 3900: 1744.87

Amst. 4000: 1744.87

Amst. 4100: 1744.87

Amst. 4200: 1744.87

Amst. 4300: 1744.87

Amst. 4400: 1744.87

Amst. 4500: 1744.87

High Low Close Prev.

Frankfurt DAX index: 5782.24

Prev.: 5782.24

Frankf. 100: 5782.24

Frankf. 200: 5782.24

Frankf. 300: 5782.24

Frankf. 400: 5782.24

Frankf. 500: 5782.24

Frankf. 600: 5782.24

Frankf. 700: 5782.24

Frankf. 800: 5782.24

Frankf. 900: 5782.24

Frankf. 1000: 5782.24

Frankf. 1100: 5782.24

Frankf. 1200: 5782.24

Frankf. 1300: 5782.24

Frankf. 1400: 5782.24

Frankf. 1500: 5782.24

Frankf. 1600: 5782.24

Frankf. 1700: 5782.24

Frankf. 1800: 5782.24

Frankf. 1900: 5782.24

Frankf. 2000: 5782.24

Frankf. 2100: 5782.24

Frankf. 2200: 5782.24

Frankf. 2300: 5782.24

Frankf. 2400: 5782.24

Frankf. 2500: 5782.24

Frankf. 2600: 5782.24

Frankf. 2700: 5782.24

Frankf. 2800: 5782.24

Frankf. 2900: 5782.24

Frankf. 3000: 5782.24

Frankf. 3100: 5782.24

Frankf. 3200: 5782.24

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Frankf. 3600: 5782.24

Frankf. 3700: 5782.24

Frankf. 3800: 5782.24

Frankf. 3900: 5782.24

Frankf. 4000: 5782.24

Frankf. 4100: 5782.24

Frankf. 4200: 5782.24

Frankf. 4300: 5782.24

Frankf. 4400: 5782.24

Frankf. 4500: 5782.24

Frankf. 4600: 5782.24

Frankf. 4700: 5782.24

High Low Close Prev.

Jakarta Composite index: 6717.79

Prev.: 6717.79

Jakart. 100: 6717.79

Jakart. 200: 6717.79

Jakart. 300: 6717.79

Jakart. 400: 6717.79

Jakart. 500: 6717.79

Jakart. 600: 6717.79

Jakart. 700: 6717.79

Jakart. 800: 6717.79

Jakart. 900: 6717.79

Jakart. 1000: 6717.79

Jakart. 1100: 6717.79

Jakart. 1200: 6717.79

Jakart. 1300: 6717.79

Jakart. 1400: 6717.79

Jakart. 1500: 6717.79

Jakart. 1600: 6717.79

Jakart. 1700: 6717.79

Jakart. 1800: 6717.79

Jakart. 1900: 6717.79

Jakart. 2000: 6717.79

Jakart. 2100: 6717.79

Jakart. 2200: 6717.79

Jakart. 2300: 6717.79

Jakart. 2400: 6717.79

Jakart. 2500: 6717.79

Jakart. 2600: 6717.79

Jakart. 2700: 6717.79

Jakart. 2800: 6717.79

Jakart. 2900: 6717.79

Jakart. 3000: 6717.79

Jakart. 3100: 6717.79

Jakart. 3200: 6717.79

Jakart. 3300: 6717.79

Jakart. 3400: 6717.79

Jakart. 3500: 6717.79

Jakart. 3600: 6717.79

Jakart. 3700: 6717.79

Jakart. 3800: 6717.79

Jakart. 3900: 6717.79

Jakart. 4000: 6717.79

Jakart. 4100: 6717.79

Jakart. 4200: 6717.79

Jakart. 4300: 6717.79

Jakart. 4400: 6717.79

Jakart. 4500: 6717.79

Jakart. 4600: 6717.79

Jakart. 4700: 6717.79

High Low Close Prev.

London FTSE 100 index: 5,000.00

Prev.: 5,000.00

Lon. 100: 5,000.00

Lon. 200: 5,000.00

Lon. 300: 5,000.00

Lon. 400: 5,000.00

Lon. 500: 5,000.00

Lon. 600: 5,000.00

Lon. 700: 5,000.00

Lon. 800: 5,000.00

Lon. 900: 5,000.00

Lon. 1000: 5,000.00

Lon. 1100: 5,000.00

Lon. 1200: 5,000.00

Lon. 1300: 5,000.00

Lon. 1400: 5,000.00

Lon. 1500: 5,000.00

Lon. 1600: 5,000.00

Lon. 1700: 5,000.00

Lon. 1800: 5,000.00

Lon. 1900: 5,000.00

Lon. 2000: 5,000.00

Lon. 2100: 5,000.00

Lon. 2200: 5,000.00

Lon. 2300: 5,000.00

Lon. 2400: 5,000.00

Lon. 2500: 5,000.00

Lon. 2600: 5,000.00

Lon. 2700: 5,000.00

Lon. 2800: 5,000.00

Lon. 29

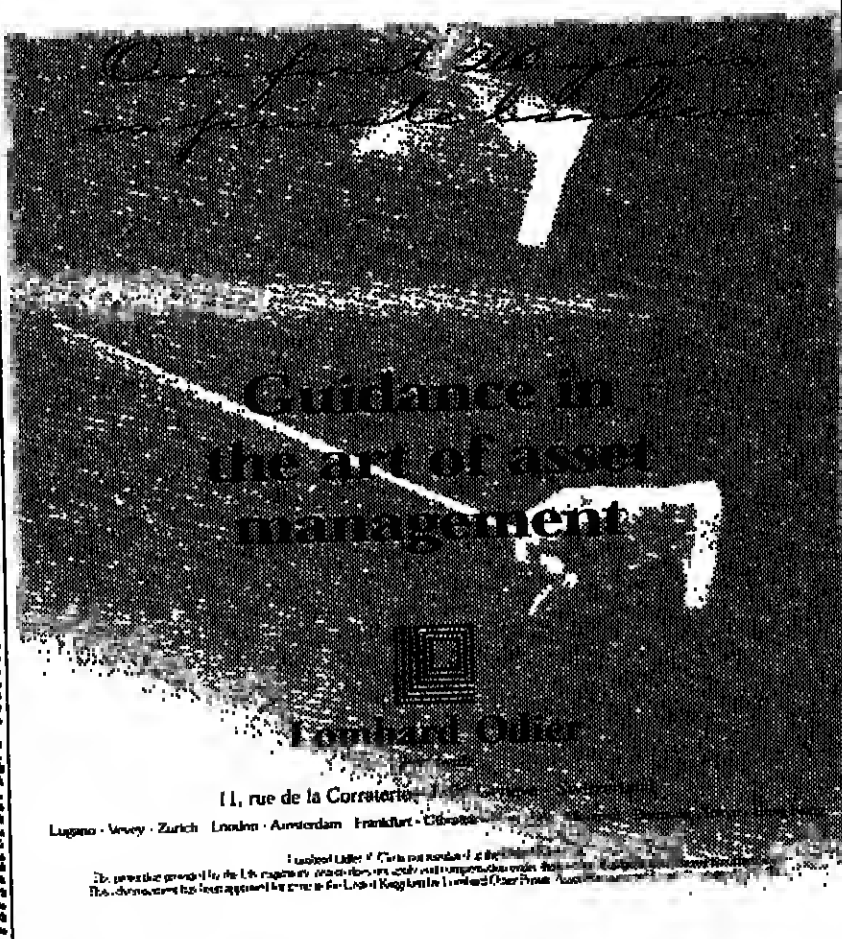


**NYSE**

**Wednesday 3 4 P.M. Close**  
The 2,600 most traded stocks of the day.  
Nationwide prices not reflecting late trades elsewhere.  
*The Associated Press*

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High	Low	Stock	On Yld	PE	100 High	Low/Late
1.09	1.07	Boeing	24	37	1817	229
1.08	1.06	Boeing	24	37	1817	229
1.07	1.05	Boeing	24	37	1817	229
1.06	1.04	Boeing	24	37	1817	229
1.05	1.03	Boeing	24	37	1817	229
1.04	1.02	Boeing	24	37	1817	229
1.03	1.01	Boeing	24	37	1817	229
1.02	1.00	Boeing	24	37	1817	229
1.01	0.99	Boeing	24	37	1817	229
1.00	0.98	Boeing	24	37	1817	229
0.99	0.97	Boeing	24	37	1817	229
0.98	0.96	Boeing	24	37	1817	229
0.97	0.95	Boeing	24	37	1817	229
0.96	0.94	Boeing	24	37	1817	229
0.95	0.93	Boeing	24	37	1817	229
0.94	0.92	Boeing	24	37	1817	229
0.93	0.91	Boeing	24	37	1817	229
0.92	0.90	Boeing	24	37	1817	229
0.91	0.89	Boeing	24	37	1817	229
0.90	0.88	Boeing	24	37	1817	229
0.89	0.87	Boeing	24	37	1817	229
0.88	0.86	Boeing	24	37	1817	229
0.87	0.85	Boeing	24	37	1817	229
0.86	0.84	Boeing	24	37	1817	229
0.85	0.83	Boeing	24	37	1817	229
0.84	0.82	Boeing	24	37	1817	229
0.83	0.81	Boeing	24	37	1817	229
0.82	0.80	Boeing	24	37	1817	229
0.81	0.79	Boeing	24	37	1817	229
0.80	0.78	Boeing	24	37	1817	229
0.79	0.77	Boeing	24	37	1817	229
0.78	0.76	Boeing	24	37	1817	229
0.77	0.75	Boeing	24	37	1817	229
0.76	0.74	Boeing	24	37	1817	229
0.75	0.73	Boeing	24	37	1817	229
0.74	0.72	Boeing	24	37	1817	229
0.73	0.71	Boeing	24	37	1817	229
0.72	0.70	Boeing	24	37	1817	229
0.71	0.69	Boeing	24	37	1817	229
0.70	0.68	Boeing	24	37	1817	229
0.69	0.67	Boeing	24	37	1817	229
0.68	0.66	Boeing	24	37	1817	229
0.67	0.65	Boeing	24	37	1817	229
0.66	0.64	Boeing	24	37	1817	229
0.65	0.63	Boeing	24	37	1817	229
0.64	0.62	Boeing	24	37	1817	229
0.63	0.61	Boeing	24	37	1817	229
0.62	0.60	Boeing	24	37	1817	229
0.61	0.59	Boeing	24	37	1817	229
0.60	0.58	Boeing	24	37	1817	229
0.59	0.57	Boeing	24	37	1817	229
0.58	0.56	Boeing	24	37	1817	229
0.57	0.55	Boeing	24	37	1817	229
0.56	0.54	Boeing	24	37	1817	229
0.55	0.53	Boeing	24	37	1817	229
0.54	0.52	Boeing	24	37	1817	229
0.53	0.51	Boeing	24	37	1817	229
0.52	0.50	Boeing	24	37	1817	229
0.51	0.49	Boeing	24	37	1817	229
0.50	0.48	Boeing	24	37	1817	229
0.49	0.47	Boeing	24	37	1817	229
0.48	0.46	Boeing	24	37	1817	229
0.47	0.45	Boeing	24	37	1817	229
0.46	0.44	Boeing	24	37	1817	229
0.45	0.43	Boeing	24	37	1817	229
0.44	0.42	Boeing	24	37	1817	

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## Emergency Pan

*(Faint, mostly illegible handwritten notes)*

Philippine Air  
Seeks Debt Relief

Can the ...

# ECONOMY: U.S. Boom Years

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## ASIA/PACIFIC

## Emergency Panel to Restructure Thai Corporate Debt

By Thomas Crampton  
International Herald Tribune

BANGKOK — Finance Minister Tarrin Nimmhaeminda of Thailand, warning that a severe cash crisis threatened the nation's economic recovery, said Wednesday that he would create an emergency panel to restructure Thai corporate debt "on a grand scale."

Prime Minister Chuan Leekpai said earlier at a meeting of international business executives that the shortage of working capital was his country's greatest economic difficulty.

"If this problem is not addressed, it may result in the closure of many businesses and worsen the unemployment situation, which may lead to other political and social consequences," Mr. Chuan warned.

"We must ensure that the real sector is provided with more liquidity so that they are able to continue with their business activities," he said.

Mr. Tarrin said in an interview that he would announce the creation within the next few days of an emergency body to referee negotiations between Thai companies and their domestic creditors.

"With this we're talking about a mechanism that will handle debt restructuring on a grand scale," he said. "We don't have an hour to lose."

Analysts estimate that up to 40 percent of loans in Thailand have

gone bad and that the vast majority of them require restructuring.

A spokesman for the Thai Bankers' Association praised the plan, but analysts said that raising new capital would remain the banking system's crucial problem, even after debts were renegotiated.

Foreign creditors of South Korean and Indonesian companies have met to discuss the restructuring of debt, but creditors of Thai companies have never organized any large-scale debt discussions.

The Thai plan differs from what happened with South Korea and Indonesia, Mr. Tarrin said, since it will concentrate on restructuring domestic debt.

International Monetary Fund bailouts in Asia have focused more on foreign debt, although much more credit is extended within national banking systems. Debt of Thai domestic commercial banks stood at 4.56 trillion baht (\$105.46 billion) in March, according to the Bank of Thailand, compared with about \$86 billion in foreign debt.

"Thailand's foreign creditors are already working out plans with their customers," Mr. Tarrin said. "I am enhancing the domestic side." He added that many Thai banks did not have the knowledge and experience to restructure debt.

Sirimas Watanachoti, deputy secretary-general of the Thai Bankers' Association, welcomed the government's initiative, saying, "We need



Chuan Leekpai stressing businesses' need of capital Wednesday.

a neutral body to solve the problem of restructuring debt; the private sector cannot do it alone."

While analysts also praised Mr. Tarrin's plan, they said it fell short of solving the fundamental problem.

"This will be a constructive move but the system's single largest

impediment is still the lack of capital," said Mark Reading, director of corporate finance and restructuring at Price Waterhouse Ltd.

"Banks will remain reluctant to write down loans until they have a larger capital base."

Created in consultation with the

Thai Bankers Association, the Federation of Thai Industry and the Thai Chambers of Commerce, the debt restructuring organization will bring creditors and debtors to the same table where experts will help to determine asset values and assist in renegotiating loan terms.

"We are now stuck in a non-performing loan trap," Mr. Tarrin said. "Banks don't make loans because they are afraid they will be nonperforming, therefore the number of companies with nonperforming loans rises, putting the economy in shambles, including the banks themselves."

The finance minister said the government would not be directly involved in any private sector negotiations.

"The government should not get involved because it would become a political issue," he said.

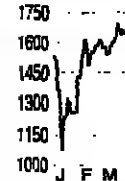
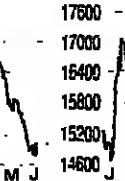
To stimulate debt restructuring, Mr. Tarrin said, the government was studying a variety of tax breaks.

The current regime discourages debt restructuring by counting write-downs as taxable income for borrowers and, in some cases, not allowing a tax deduction for the lender.

Another area for tax revision is the transfer of surrendered collateral. When a title deed is transferred from a delinquent borrower to the bank, taxes can reach 6 percent for the transaction, he said.

"These transaction costs come when both the bank and borrower have no money," Mr. Tarrin said.

## Investor's Asia

Hong Kong Hang Seng		Singapore Straits Times		Tokyo Nikkei 225	
					
1998 F M A M J		1998 F M A M J		1998 F M A M J	
Exchange	Index	Wednesday Close	Prev. Close	% Change	
Hong Kong	Hang Seng	8,004.35	7,525.45	+6.35	
Singapore	Straits Times	1,107.70	1,048.96	+5.60	
Sydney	All Ordinaries	2,549.30	2,524.90	+0.97	
Tokyo	Nikkei 225	14,715.38	14,720.38	-0.03	
Kuala Lumpur	Composite	450.88	455.84	-1.09	
Bangkok	SET	272.94	257.44	+6.02	
Seoul	Composite Index	303.81	280.00	+8.50	
Taipei	Stock Market Index	7,456.38	7,404.27	+0.84	
Manila	PSE	1,716.18	1,726.55	-0.60	
Jakarta	Composite Index	419.44	399.51	+4.99	
Wellington	NZSE-40	1,999.59	1,970.21	+1.49	
Bombay	Sensitive Index	3,400.95	3,161.08	+7.59	

Source: Telekurs  
Last week's World Market

## Very briefly:

• Long-Term Credit Bank of Japan Ltd., Japan's second largest credit bank, dismissed as "groundless" rumors of financial problems that wiped out nearly a fifth of its market value in stock trading. The bank insisted it was not in any financial trouble and denied rumors it was having problems redeeming its bonds.

• Cisco Systems Inc., the U.S. computer network maker, plans to invest \$100 million in China to recruit senior managerial staff and boost cooperation with communications service providers, the Xinhua news agency said.

• India will allow foreign companies to own 100 percent of power projects worth less than 15 billion rupees (\$355 million), the Ministry of Power said. Until now, foreign companies could control only 74 percent.

• Air Canada said in Hong Kong that it planned to open talks with Air China about a possible partnership to get access to the mainland Chinese market. Air Canada said it had no plans to acquire a stake in an Asian airline.

• Japan's 64 regional banks posted their first-ever loss as a group in the year ended March 31 as they wrote off loans that borrowers were unable to repay, the nation's regional bank association reported.

• Tokyo-area office buildings became more profitable as investments in 1997 for the first time in six years, as demand for office space increased, a report by Sumitomo-Life Research Institute said.

• Mitsui Fudosan Co., Japan's largest real estate developer, narrowed its losses by 28 percent in the financial year ended on March 31 as it disposed of fewer unprofitable assets.

• Indonesia's rupiah sank close to a record low as the dollar rose to 17,000 rupiah on selling by investors, currency dealers said. They said investors neglected the relative stability in the region as the Japanese yen strengthened.

• Mazda Motor Corp. of Japan and Ford Motor Co. in Taiwan said they agreed to jointly promote Mazda car sales and distribution in Taiwan.

Bloomberg, AFP, Reuters

## Philippine Air Seeks Debt Relief

Compiled by Our Staff From Dispatches

MANILA — Philippine Airlines said Wednesday that it would seek official permission to suspend debt payments and warned that more employees could be laid off if a rehabilitation plan fails.

The carrier, with an estimated \$2 billion in debt, has fired more than 600 striking pilots and about 5,000 cabin and ground crew after the pilots' union crippled its operations on June 5 to protest a cost-cutting early retirement plan.

The Philippine National Bank said it would give the airline more time to repay its loans to help the national flag carrier avert financial collapse. The strike has severely curtailed the airline's operations.

(AFP, Bloomberg)

## Microsoft Deal in Korea Sparks Protest on Web

Agence France-Presse

SEOUL — Bill Gates, the head of Microsoft Corp., faced an angry campaign Wednesday by South Korean website users demanding a revocation of his ambitious word-processor project here.

Mr. Gates was called a "colonizer" on the local networks, which have been swamped with protests over his plan to push out a leading Korean-language word processor programmer.

The campaign began Tuesday, when Microsoft announced that it had agreed to inject up to \$20 million into Hangul & Computer Co. on the condition that the South Korean company stop sales of its word-processing software, called Hangul, the name of the alphabetic script in which Korean is written.

Hangul & Computer's head, Lee Chang Jin, said the deal with Microsoft was inevitable because of

plunging revenues. In return for Microsoft's equity participation, Mr. Lee promised to withdraw from the \$14 million market.

The Hangul software has enjoyed great popularity since its introduction in 1989, capturing an 80 percent market share.

But the program failed to generate profits for the first time last year, driving Mr. Lee's business to the edge of bankruptcy this year. The main cause was rampant piracy among South Korean users of word-processing software.

Microsoft will acquire 19 percent of Hangul & Computer. Microsoft offers a Korean language version of its own word-processing program, Microsoft Word.

The U.S. software giant agreed to stay away from management, reflecting its concern over a backlash from South Korean consumers.

But Mr. Gates came under fire,

and South Korean antitrust regulators said they would review the possibility that Microsoft had violated a fair-trade law.

"We will intervene if the deal is aimed at dominating our market by expelling Hangul & Computer," a Fair Trade Commission official said.

The deal sparked an angry reaction among the approximately 2 million users of four domestic on-line services.

"Let's safeguard our pride and software industry against the Microsoft onslaught," said Lee Hyung-Bok, who started an on-line petition Tuesday.

Within hours, the petition had attracted more than 1,000 supporters.

"We need an all-out fight against colonizers," said a supporter of the petition who was identified only by his code name, "Naivan." "This is a matter of our pride and survival."

The on-line protesters urged the South Korean government to take action to extend a lifeline to Hangul & Computer.

"Its failure means the collapse of South Korea's software industry," the petition said. "Microsoft must give up its attempt to take over Hangul."

The software division of Samsung Electronics Co., the South Korean semiconductor manufacturer, vowed to prevent Microsoft from dominating the domestic market.

"The market share of Microsoft's Word in Korea will be determined by our marketing strategy," a Samsung official said in an interview with the Seoul daily The Korea Herald.

"We will expand our market share not by resorting to patriotism, but by developing our product," he said.

## GM: Can the Success of Plants in Brazil Be Transplanted to U.S.?

Continued from Page 11

of parts. GM has temporarily laid off 71,700 workers.

In the course of expanding overseas, GM has discovered that it can operate far more efficiently than in the United States. That has been particularly true in Brazil.

The differences in GM operations start with the shape of the factories. They are L-shaped or T-shaped in Brazil, while GM's factories in the United States still tend to be gigantic squares, with each side as long as several football fields. The advantage of the Brazilian design is that it offers more exterior walls for loading docks, which allows outside suppliers to produce more of a vehicle.

Toyota has been asking its suppliers for years to deliver partially assembled sections of cars, and the practice dramatically reduces the number of assembly plant workers

that are needed. GM's operations in the United States have been slow to learn from the company's 13-year-old joint venture to build cars with Toyota in Fremont, California. But many of the GM managers from that joint venture have gone on to Brazil, including Mr. Hogan.

GM has been quietly talking to the UAW about building a Brazilian-style factory with lots of loading docks in the United States. The company is also trying to expand the role that outside suppliers play even at existing American factories with few loading docks. Other automakers are undertaking similar experiments, including Volkswagen AG at one of its Brazilian factories and Mercedes-Benz AG at factories in France and at a non-union factory in Alabama. Ford and Chrysler are moving in the same direction.

But while American auto-

makers' assembly plants in the United States are entirely unionized, most suppliers are not, and that upsets the UAW. The suppliers' employees do not pay union dues and commonly earn one-third less than the \$20 an hour paid to UAW members.

According to Mr. Shoemaker, one of the many thorny issues in the Flint strike has been GM's desire to have metal stamping equipment there maintained by outside contractors instead of UAW workers.

GM's labor contracts effectively bar it from dismissing UAW workers. But the company has tried for years to avoid replacing workers who retire, and will have even less incentive to hire new workers as it copies the Brazilian model here. That alarms UAW members.

GM's factories in Brazil have also embraced Japanese labor practices, with workers

and managers eating together and with GM providing extensive information to the workers about how each segment of an assembly line is doing in terms of productivity and safety.

A few GM factory managers have taken the same approach in the United States, but many factories retain a strong caste system in which white-collar and blue-collar workers stay apart while managers provide little information to assembly line workers.

GM's high profits in Brazil have suffered this year as the country's economy has slowed. But GM continues to invest heavily there, contending that the market is growing and the Brazilian operation's efficiency should be rewarded.

By contrast, GM has delayed investments in some American factories, including those struck in Flint.

## ECONOMY: U.S. Boom Years May Be Ending, Economists Warn

Continued from Page 11

annual rate of 1.530 million units, down from 1.541 million in April and the lowest monthly total since last November. Analysts said that while low mortgage interest rates had helped keep the housing market solid, this part of the economy was not going to contribute much to the economy's growth this year.

David Wyss, an economist at DRI/McGraw-Hill Inc., a forecasting firm, said it was always hard to be sure the economy's pace was going to change significantly, especially when it has been performing so well.

"The U.S. economy keeps rolling along," Mr. Wyss said. "Despite an ever more apparent drain from foreign trade, the real economy, especially demand, continues to hum. Domestic demand is likely to be as strong in 1998 as it was in 1997."

"It is difficult for economists to be appropriately dismal in these circumstances," he continued. But, he added, "DRI expects the economy to slow sharply later this year, as the full impact of the Asian downturn arrives here and inventory accumulation slows from its recent torrid pace."

For the final three quarters of this year and the first

quarter of 1999, DRI predicts GDP growth of 1.7 percent. L. Douglas Lee of HSBC Washington Analysis is another economist projecting much slower growth in coming quarters, and like Mr. Wyss he draws a distinction between growth of domestic demand—that is, consumer spending, business investment, housing construction, and government purchases of goods and services—and the rate of increase in GDP.

GDP is the total of goods and services produced in the United States. When the trade deficit is widening, as it has been largely because the Asian turmoil has reduced demand for U.S. exports, it means that a larger share of the goods and services bought in the United States are produced abroad.

Mr. Lee said GDP growth was likely to be at no more than about a 1.5 percent rate in the second half of this year because "it is becoming obvious that Asia is causing our trade deficit to get bigger, and that is going to continue through the rest of the year. But even with the slowdown in GDP growth, we will still have a strong domestic economy."

## ■ Economy Still Strong

The American economy continued its excellent performance into this month,

with employment high and inflation low, despite scattered spillover from Asia's economic turmoil, the Federal Reserve Board said. The Associated Press reported.

"Employment levels are high and labor markets tight in most areas," the central bank said in its so-called "tan book" survey of regional economic conditions. "Prices of goods are largely stable."

It said growth was "quite strong" in the Northeast, much of the Midwest and on

the West Coast. But the Southeast and Southwest were experiencing "somewhat more modest growth."

Seven of 12 districts made specific note of effects "from economic problems in Asia," the report said.

The report, named for the color of its cover, was compiled from reports submitted to the Fed's district banks before June 8. It will be used when monetary policymakers meet next—on June 30 and July 1—to decide whether to raise interest rates.

## JAPAN DYNAMIC FUND

69, route d'Esch - L-1470 LUXEMBOURG  
R.C. LUXEMBOURG 2-2464

Shareholders are kindly invited to attend the

## ANNUAL GENERAL MEETING

of shareholders of our company which will be held at the registered office of Banque Internationale à Luxembourg, 69, route d'Esch, Luxembourg, on June 26, 1998 at 3:00 p.m. with the following agenda:

1. Submission of the Reports of the Board of Directors and of the Independent Auditor;
2. Approval of the Statement of Net Assets and of the Statement of Changes in Net Assets for the year ended at March 31, 1998;
3. Allocation of the net results;
4. Discharge to the Directors;
5. Statutory Appointments;
6. Miscellaneous.

The shareholders are advised that no quorum is required for the items on the agenda of the Annual General Meeting and that decisions will be taken on a simple majority of the shares present or represented at the Meeting with no restrictions.

In order to attend the meeting, the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of Banque Internationale à Luxembourg, 69, route d'Esch, L-2953 Luxembourg.

The Board of Directors.

## CONQUER A NEW ERA



Communication empowers.

Communication allows people to expand their horizons, capture new opportunities, and exercise greater degrees of freedom and choice. Sonera, the former Telecom Finland, works with clients to achieve these universal aspirations.

Our new name may seem unconventional for a telecommunications company, but these are unconventional times. The power of communications is dismantling barriers and building knowledge. Companies can serve markets more effectively and work with partners more efficiently. Virtual marketplaces are helping businesses and customers find each other more easily. We are all becoming connected in new and dynamic ways.

Today, 8000 Sonera employees help clients implement these new realities with innovative platforms for voice, data and media communications. Combined with Sonera's leading operator know-how, these solutions help companies penetrate new markets, increase productivity, and offer more choice to their customers.

Empowering people to communicate more freely, boundlessly - independent of time or place. That is the ultimate goal of Sonera. A future we build with each new day.

sonera

SONERA CORPORATION, P.O. BOX 600, FIN-00051 SONERA, www.sonera.net



**The Associated Press.**

1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100

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INTERNATIONAL

# New Breed of Tough-Minded Technocrats May Be China's Best Hope

By Steven Mufson  
Washington Post Service

**ZHENNING, China**—On a drizzly morning in March, Lou Jiwei's chauffeured black Audi threaded its way past horse-drawn carts, rickety pickup trucks and peasants on foot. It wound through fields bursting with yellow flowers of rape plants until it came to the Red Star factory tucked behind one of the jagged limestone hillsides.

Mr. Lou, who was then deputy governor of Guizhou Province, surveyed the aging plant, sniffed the sulfur byproduct in the air and went over the chemical processes with the factory manager.

Wearing gold wire-rimmed glasses, a jacket and tie, and an off-white trench coat, Mr. Lou also cross-examined the manager about international markets and delivery prices.

This wasn't your average meet-and-greet by a provincial politico or Communist Party back. Mr. Lou wanted to talk about transportation costs, competing manufacturers, the relocation of laid-off workers and the fine points of the company's balance sheet. Over a cup of tea and cigarettes he smoked through a cigarette holder like Franklin D. Roosevelt, Mr. Lou spelled out stringent conditions the factory must meet before it can be allowed to sell shares to the public.

**CHINA: The Next Generation**  
FOURTH IN A SERIES

Mr. Lou, who was then deputy governor of Guizhou Province, surveyed the aging plant, sniffed the sulfur byproduct in the air and went over the chemical processes with the factory manager. Wearing gold wire-rimmed glasses, a jacket and tie, and an off-white trench coat, Mr. Lou also cross-examined the manager about international markets and delivery prices.

Mr. Lou, 48, represents the best hope for China's troubled Communist Party, the prototype for a generation of technocrats rising through the upper ranks of the government. A computer programmer turned economist, this protégé of Prime Minister Zhu Rongji has played a

man Mao Zedong said he wanted cadres who were "red and expert," although in reality Mr. Mao favored the former. But as the party's devotion to Marxist and Maoist ideology has waned, talent in running China's increasingly sophisticated economy has become more important.

Good educational background matters more than good class background. Born in 1950, Mr. Lou has no "revolutionary" experience, but he is educated, cosmopolitan and competent. He did his economics graduate thesis on general equilibrium theory. As Guizhou's deputy governor, he could recite everything from the price of kiwi fruit to the cost of electricity, and he knew how a state-owned company cooks its books as well as how the international economic crisis might affect a landlocked province.

That is why Mr. Lou trekked here. Red Star, once one of the "third-line" military factories that Mr. Mao hid in remote areas, is on the front line of economic overhaul. Aiming at international markets, the company now produces a powder used in the manufacture of television screens. The old military factory managers have surrendered control of Red Star, and the new managers want to raise money through a stock offering. During his visit, Mr. Lou said that before selling shares the company had to show a profit of \$6 million a year and a profit margin of 30 percent. It had to bring man-

ufacturing parts into Guizhou and pay its value-added taxes in Guizhou, too, he said, wagging his finger. Finally, it had to disclose all its debts and its plans for dealing with the 1,200 laid-off workers.

The plant manager appeared to appreciate Mr. Lou's sophistication, although Mr. Lou did not promise him the public listing he wants. "If you have a mother-in-law who doesn't understand you, you hate her instead of respecting her," he said.

Respect, if not affection, is what most Chinese feel toward Prime Minister Zhu and the members of his brain trust. Mr. Zhu has dispersed his trusted aides around the country and throughout the bureaucracy, giving them key posts in provinces, ministries and the central bank. The effect has been to broaden their experience and help them build political contacts.

When Mr. Lou was dispatched to Guizhou in October 1995, he had never set foot there before. "In Beijing, you deal with hundreds of millions of yuan, here with a million," Mr. Lou said at the end of one 14-hour day. "There, if you do something right, you can save millions. Here, if you work hard, you can save a million. In Beijing, the work is mentally taxing, but here it's physically demanding."

Mr. Lou normally would not attend a benefit soccer game, as he did in Guiyang one afternoon. His name boomed out on the loud-



Lou Jiwei, a new breed of technocrat, examining a proposed highway site in China's Guizhou Province.

power projects.

After lunch at Red Star, Mr. Lou's next stop was an abandoned military plant where he heard a pitch by a private businessman who wanted to use the site to make gelatin.

The entrepreneur, who built a large beef jerky company, wanted the government to build a small reservoir so he would have a water supply and a place to dispose of waste water. He also hoped Mr. Lou would help him get the endorsement of the provincial planning commission, which would make it possible for him to get bank loans. Mr. Lou gazed over the fields that would be covered by the reservoir and asked whether the entrepreneur had any idea what he is doing in this new business.

The entrepreneur said he had recruited a French marketing expert and lined up second-hand German equipment. Because gelatin is made from cattle bones, the entrepreneur said, he has plenty of raw material.

"I would like to help them, because they've worked hard to get where they are, and they're really producing something," Mr. Lou said later in his car. "Whether it's a private entrepreneur or a state-owned enterprise doesn't matter as long as it's adding value to what we have in Guizhou and making people's living standards better."

Next: China's new kind of activist.

## CHINA: Beijing Plays Own Card in G-7 Fashion

Continued from Page 1

while there were no imminent plans to devalue the Chinese yuan, it would be hard to hold the line unless international action were taken to bolster the sagging Japanese yen. A devaluation of the yuan, most economists agree, could have had highly damaging consequences both in Asia and as far afield as Wall Street by triggering another round of financial turmoil.

"Last week," said Robert Hormats, a former U.S. financial official and now a partner at Goldman Sachs International in New York, "I was getting clear signals from senior Chinese officials that if the yen hit 150 to the dollar, they would be forced to devalue the yuan."

Mr. Hormats said that as the Japanese currency went to 146 yen and approached the 150 level, "the U.S. Treasury became significantly concerned."

In Washington, a Clinton administration official who spoke on condition of anonymity, conceded earlier this week that "everybody here is worried that China might devalue."

When asked Wednesday about reports that China had felt intense pressure to devalue its currency in response to the weakening yen, Mike McCurry, the White House spokesman, said, "That may have been before some of the things that we've been discussing in the last few minutes." Mr. McCurry added that "the president has noted approvingly the attitude Chinese authorities have taken with respect to the Chinese currency."

Mr. Hormats stressed that he did not think it was Chinese pressure alone that persuaded Washington to intervene, and he suggested that a grateful Japan would probably also offer stronger commitments to clean up its banking sector problems when deputy finance ministers

from G-7 countries meet in Tokyo this weekend. "This intervention was not a freebie for Japan," Mr. Hormats said.

Yet, he contended that one of the key reasons why the U.S. agreed to intervene in currency markets "was that the yen was getting dangerously close to the 150 mark, which is where some Chinese had indicated a devaluation of the yuan might be likely."

The Chinese, Mr. Hormats added, "exercised a lot of influence over the decision by Washington to intervene."

While the prospect of leaving the Japanese yen to slide further was by itself disturbing because it risked worsening the overall Asian financial crisis, the risk of an ensuing Chinese devaluation would have carried heavy financial and political consequences for the United States.

Mr. Courts said that for days "China has been trying to send an unambiguous message to Washington to put a lid on the dollar."

The Chinese wanted more pressure on Japan," he said, "and they wanted Treasury Secretary Rubin to stop talking up the strong dollar."

China's complaint, according to Mr. Courts, was that "there is a contradiction in U.S. policy, under which the Americans urged China not to devalue, but appeared to have a hands-off policy with Japan." The United States, he added, "could not have the president arrive in Beijing and hear from the Chinese as the first item of business that Washington's lack of action on the yen was jeopardizing the stability of Asia."

Many bankers and analysts believe that the devaluation of the yuan, which is also known as the renminbi, would constitute a nightmare scenario.

It would trigger a new round of competitive devaluations throughout the region, put Hong Kong under unprecedented pressure to fol-

low suit, prolong the overall Asian crisis by as much as a year, and produce highly damaging reactions in financial markets that could spread as far as Wall Street.

"It would be a really serious hit to key world markets, including Wall Street," said David Roche, president of London-based analysts Independent Strategy.

Apart from behind-the-scenes messages, senior Chinese officials also made strong public statements about the need for action to bolster the yen.

On Wednesday, even as the U.S.-Japanese market intervention was taking place, a senior Chinese official issued Beijing's first explicit warning that Beijing might be forced to consider a devaluation of the yuan if the sliding Japanese yen were to cause a major drop in Chinese exports.

China's vice-minister for foreign trade, Sun Zhenyu, told Reuters Wednesday that if the Japanese yen's depreciation "puts large pressure on foreign trade and exports, or if there is a large fall in foreign trade and exports, then I am afraid we may have to consider the question of whether to make adjustments."

Mr. Sun added that the weak Japanese currency had already had "major negative effects on Chinese exports" and he cited textiles, food and industrial products in particular.

Mr. Roche said the key challenge now facing China's leadership was to maintain enough growth, including export income, to help pay for the financially and socially expensive costs associated with the government's far-ranging restructuring of state-owned enterprises.

"In the meantime," Mr. Roche said, "China is earning lots of brownie points from the United States because by holding the line on devaluation it is seen to be behaving in a statesmanlike manner."

## MARKETS: U.S. and Japan Bolster the Yen

Continued from Page 1

South Korean stock indexes posting strong gains.

Analysts said the U.S. move was welcome, and should at least buy time, stabilizing the yen-dollar exchange rate in a fairly narrow band—perhaps between 135 and 145 to the dollar—until Mr. Hashimoto announces more definite reform plans, probably next month during a meeting with Mr. Clinton.

"This is a very healthy initiative, very opportune," said C. Fred Bergsten, director of the Institute for International Economics, in Washington. "In the short run, this heads off the risk of a very major Asian crisis. I think it will succeed."

He said he hoped other wealthy nations would join in the support of the yen. Regardless, Mr. Bergsten said, he thought the U.S. action would buy foreign-exchange market stability long enough for "Japan to get motivated and take the measures needed."

Gregory Fager, director of the Institute of International Finance's Asia department, called the intervention "extremely positive for the international community, and particularly for the Asian region, which is very close to a very severe downward spiral."

Mr. Bergsten and others said that the short-term benefits of U.S. intervention would fade if Japan failed to follow up with credible and substantial moves to fix an economy plagued by bad bank loans, deflation, record-high unemployment and declining output.

"For this to have a lasting

impact," said David Ehrlich, director of currency analysis for Standard & Poor's MMS, in New York, "the markets have to perceive that necessary political changes are taking place in Japan—and that will take some time."

But Mr. Fager said he felt confident that Mr. Hashimoto would follow up on his assurances to Mr. Clinton.

"I would be very surprised," he said, "if the United States government took this action without a very firm commitment that Japan would follow through with real changes in policies."

Mr. Hashimoto said he welcomed the intervention and said Japan realized that the revival of its economy was "urgently needed."

"We will make every effort," he said of the economy, "to restore its banking system to health, to achieve domestic demand-led growth, and to open and deregulate its markets."

All are goals long pushed by the Clinton administration, but U.S. officials say the Japanese response to date had been tepid and unpersuasive.

In a statement, the Treasury secretary, Robert Rubin, pointedly noted that the U.S. sales of dollars were directly tied to Mr. Hashimoto's new promise to fix Japan's problems.

"We look forward to implementation of a comprehensive action program that will create the conditions that are essential for a healthy and prosperous economy," Mr. Rubin said.

Mr. Rubin had sent mixed signals last week, at first telling a Senate committee that there would be no U.S. intervention, then later amend-

ing his comments to say that intervention was an option.

That prompted speculation Wednesday that the ultimate decision to intervene had a strong political element to it, coming just ahead of Mr. Clinton's visit to China.

"I think it was the White House, not Treasury, that decided to intervene," said Takanohi Igarashi, senior vice president of the Sanwa Bank in New York. "China had exerted strong pressure both on Japan and the United States, saying that unless they moved to stop the yen's weakening, they would devalue their currency."

Earlier Wednesday, a senior Chinese official had issued Beijing's first explicit warning that a continuing fall in the yen could force China to devalue the yuan.

"If the change in the exchange rate puts large pressure on foreign trade and exports, or if there is a large fall in foreign trade and exports, then I am afraid we may have to consider the question of whether to make adjustments," Sun Zhenyu, China's vice-minister for foreign trade, told Reuters.

Such a Chinese move, while making Chinese goods more competitive with those of Japan, its largest export market, would have pressured other Asian currencies to follow suit in a new round of devaluations even more damaging than those that began a year ago in Thailand.

Some economists said that China, which has \$140 billion in foreign-exchange reserves and a healthy trade balance, was under no pressing need to devalue. It might simply be looking for a way to end its no-devaluation policy, they said.

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June 17, 1998

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**World Roundup**

**Embarrassing Loss For Venus Williams**

**Is P...**

**Braves Don't Rec...**

**Baseball**

**Foreboard**







WORLD CUP BRIEFS

French Police Hold 3 In Cup Ticket Fraud

Police investigating World Cup ticket fraud have arrested three people, including a consultant working for the French affiliate of ISL Worldwide, FIFA's official marketing partner.

Police on Wednesday named the consultant as Gilles Favard, and said he had been arrested Tuesday evening at his home in Rueil-Malmaison, just outside Paris, where officers found a large sum of money and 100 World Cup tickets. They said Favard's sister had also been detained, along with another man suspected of involvement in ticket fraud.

The police investigation was opened after thousands of fans from Japan, Germany, the Netherlands and elsewhere arrived in France for the World Cup finals only to find that tickets they had paid for were missing.

(Reuters)

Hooligans Are Bad PR

English soccer could lose an \$82 million sponsorship deal and fall out of contention to be host of the 2006 World Cup because of the actions of its soccer hooligans.

Phil Carling, the commercial director at the Football Association that runs English soccer, said English soccer might suffer.

"If you were a marketing director considering the main English sponsorship and had watched the news reports you'd have second thoughts," he said.

(AP)

Marseilles Bars to Open

Marseille bars said they would not shut early this weekend when the Dutch play South Korea in the city. The local government ordered early closing following violence by English fans Sunday and Monday.

Paul Schianchi, president of the trade association, said: "It's out of the question we shut. We are not going to be made the scapegoats of the state's inability to keep hooligans under control."

(AP)

Two German fans were sent to prison for three months for assaulting police officers Monday before the Germany-U.S. World Cup match in Paris, police said.

(AFP)

Playing for Time?

Vujadin Boskov, a Yugoslav assistant coach, has told striker Dejan Savicevic to decide whether he can or cannot play.

"His injury is completely healed," said Boskov. "I think the problem is somewhere in his head. There's some sort of brake in there, and I cannot understand that he might not play in what could be his last World Cup."

(Reuters)

Zvonimir Boban pulled a calf muscle in training and could miss the match against Japan on Saturday said Miroslav Blazevic, the Croatia coach.

(AFP)

Quote/Unquote

"The mantle of history-maker sits comfortably on my shoulders."  
—Robbie Earle, who scored Jamaica's first goal in World Cup finals in their defeat by Croatia.

"Many of the big coaches are afraid to play the beautiful game. The most important thing for them isn't to play to win, but to play not to lose."  
—Pele.

The Mystery Behind Asprilla's Dismissal  
Are Bitter Comments the Only Reason?

By Rob Hughes  
International Herald Tribune

MONTPELLIER, France — In soccer, as in life, a sense of time and place is vital.

Faustino Asprilla, the Colombian forward who has quite often forgotten the basic rules — and yet left us breathless with his nonconformity and brilliance — was thrown off his team by the coach for the remainder of this World Cup on Wednesday.

He could conceivably be back. There was a report in the evening that he had boarded a plane bound for Bogota via Miami. But there was also a rumor from Bogota that the president of the nation, no less, was messaging the team's coach

VANTAGE POINT

to say what amounts to the following: Colombia needs Asprilla! Sort it out!

Before that, the forward was apparently sent on his way out because his form is awful. Everyone knows that Asprilla can go from miserable to magnificent in a second.

Nor was he being kicked out because he committed a heinous foul; players who have done that are still in the tournament, even though Sepp Blatter, the FIFA president, laments that referees are not protecting stars from crude fouls.

No, no, no. Asprilla was dismissed because he opened his mouth after being substituted five minutes from the end of Colombia's disappointing 1-0 defeat against Romania in Lyon on Monday.

"Faustino excluded himself," declared Hernan Darci, the Colombian team's coach, on Wednesday. "He broke the rules by speaking the way he did to a journalist. He is still a friend, but the rules apply to him."

As Gomez spoke after the team's training session in La Tour du Pin, Asprilla was sulking languidly in the background. The player is known as "The Octopus" for his long, slender limbs and for the bewilderingly rubbery way he moves them to do the unexpected and win the unwinnable match. But he is still a child in the body of a 28-year-old.

There are many such players. For example, it was unpredictable, childlike improvisations that made Romario the most valuable player at the 1994 World Cup. Asprilla, in his infuriating fashion, is, or was, Colombia's Romario.

So, what did Asprilla say that was so wounding? Gomez won't repeat it. "It hurt me," said the coach. "I don't like to put people out, it's against my will."

The unrepeatable comment was made to a radio journalist who Asprilla knew too well to turn away with a "oo-comment." The gist of it was that he was unhappy being substituted and felt that others who had become "untouchables" were playing worse than he.

Tino Asprilla is a difficult man to defend. He carries a baggage of misbehavior and misdemeanors. But unless there is some hidden agenda, the word "untouchables" seems to be the key.

Asprilla meant one untouchable in particular: Carlos Valderrama, the 36-year-old captain who plays his soccer in semiretirement for Miami Fusion in the United States. Valderrama, a veteran of more than 100 national-team appearances, has dominated a whole generation of Colombian soccer with his precise passes and his deceptive stride.

But think back to 1994, when the unfortunate Andres Escobar, the fellow whose own goal gave the United States victory and sent the whole Colombian team home, was shot and killed. There, behind all our speculation on happenings in the Colombian camp, is the terrible warning.

We know that members of the Colombian team received death threats before this tournament began. We also know that Gomez was the assistant to Francisco Maturana at the last two World Cups, where he saw his friend, his boss, suppress as best he could personal reactions to menacing faxes and phone calls.

For those of us who are not involved, it is difficult to comprehend such pressures. What if the current threats concern Asprilla's place on the team?

Listening to what the Colombians themselves say, ooo Colombian anyway, is intriguing and doesn't take us very far. "It does not weaken the team," said Valderrama, referring to Asprilla's absence. "Now it gets strengthened. When we're all here, we're all necessary, but when we're not here, none of us is essential."

After the Romanian defeat, Gomez said: "The team went onto the pitch very timidly. There was no spontaneity, a lot of the players were nervous."

Spontaneity is the forte of Asprilla. His fiery combustion can go either way. His replacement in those last five minutes, Leider Preciado, seems willing but doesn't have the track record of Asprilla: 15 goals in 38 games for Colombia before this World Cup.

"I don't know if I'm going to play," Preciado, 21, said Wednesday. "But I'm ready."

A boy scout, ever prepared, may not be a total replacement for Asprilla's often wild, always unpredictable, certainly spontaneous and sometimes beautiful instincts.

You take a chance when you select such an oddball, but you don't keep him on the sidelines because, when you wounded his pride, he made uncompromising comments about it. That doesn't add up, so we wait for the truth, if ever it comes, from Colombia.

Before coming to France, Asprilla said: "In the U.S.A., we were among the favorites, but went out in the first round. We are less anxious this time. I don't think we can play as poorly again. We may not qualify for the second round, but we will try to leave a good image." The image, like Asprilla in motion, is a little hard to nail down just now.

Rob Hughes is Sports Correspondent of The Times of London.



Italy's Luigi Di Biagio reacting after the tackle by Raymond Kalla (5) that earned the Cameroonian a red card.

Italy Rides Cameroonian Storm

Vieri Scores Twice to Cement 3-0 Azurri Victory in a Rough Match

MONTPELLIER, France — Christian Vieri scored twice in the last 15 minutes Wednesday to give Italy a flat-tering 3-0 victory over Cameroon.

The Italians moved into a strong position to advance to the second round by gaining the first victory in Group B. The group's other three matches had ended in draws.

The late goals took Vieri's tally in Italy's two games to three, making him the joint top scorer in the tournament alongside Marcelo Salas of Chile. The goals also helped conceal Italy's struggles in the second half.

Playing against 10 men, Italy nevertheless struggled to quell Cameroon. The undermanned Africans pressed for most of the second half, but although several shots went close, they could not score a goal.

The first half had been quite different. Cesare Maldini had added Francesco

ITALY 3, CAMEROON 0

Moreiro, a winger, to his team, giving it a more attacking shape and attack it did, right from the start. After nine minutes Roberto Baggio curled a precise cross onto the forehead of Luigi Di Biagio who headed the opening goal.

Italy, playing without a single Juventus player for the first time in eight years, launched a series of attacks. Jacques Songo'o, the Cameroon goalkeeper, twice thwarted Vieri.

As the Cameroonian players struggled to stem the Italian attacks they committed a series of fouls. Pierre Wome received a yellow card in the 7th minute. Then Pierre Njanka

was fortunate to see a yellow card when he plowed into Baggio from behind, but two minutes from halftime Edward Lenie, the Australian referee, sent off Raymond Kalla Nkoogo after he planted all his studs on Di Biagio's thighs.

In the second half, Italy slid back into old habits and fell back into defense allowing its opponents to launch attack after attack. As the Cameroonians began to run out of energy, Vieri destroyed their hopes.

Taking a pass from Moriero, he chipped the ball over Songo'o to make the score 2-0. Then when Wome failed to clear the ball, Vieri muscled past him to score again. "We had a very bad start tonight," Leroy said. "We tried to play well, but we didn't have many opportunities having only 10 players on the pitch."

(AP, AFP, Reuters)

Late Goal (Yet Again) Saves Austria

SAINT-ETIENNE, France — Austria again saved itself with a goal in the dying seconds Wednesday.

Ivica Vastic produced a curling shot two minutes into injury time to secure a 1-1 draw against Chile in a World Cup Group B match.

Toni Polster had scored in the 90th minute to earn Austria a 1-1 draw against Cameroon in its opening match.

"All we can do in these situations is to keep on plugging away and in the end it paid off," said Vastic. In its first match, Chile led Italy, 2-1, with five minutes to play when Roberto Baggio scored with a controversial penalty kick.

"I do not know what to say, why we have to suffer through things like this,"

said Nelson Acosta, the Chilean coach. "I do not know what happened, can't explain it."

On Wednesday, Marcelo Salas put Chile ahead in the 70th minute. It was his third goal in two games and made him the top scorer in the tournament.

The draw meant both Chile and Austria have two points from two games.

CHILE 1, AUSTRIA 1

though Chile leads Austria because it has scored one more goal. Austria must play Italy in its final match while Chile will face Cameroon.

Chile dominated the rest of the game and constantly threatened to score a second goal. Instead, Austria scored when Vastic picked up the ball on the edge of the penalty area and swung his

shot round a knot of defenders and just inside the far post.

About 20 minutes earlier Chile were awarded a free-kick on the left of the penalty area. Ivan Zamorano leapt above two defenders to head powerfully toward the goal. Michael Konsel, the Austrian goalkeeper, parried the bouncing ball, but Salas scurried in to poke the ball into the goal with his knee.

Konsel caught the ball and quickly pushed it back over the goal line, but Gamal Ghandour, the referee, was not fooled, despite Konsel's protests.

Chile's strikers dragged the Austrian defenders around for most of the match. One of them, Peter Schoenl, received an almost inevitable booking on 25 minutes for a clumsy challenge on Salas. Salas was booked after 58 minutes for dissent.

(AP, Reuters)

CROSSWORD

ACROSS

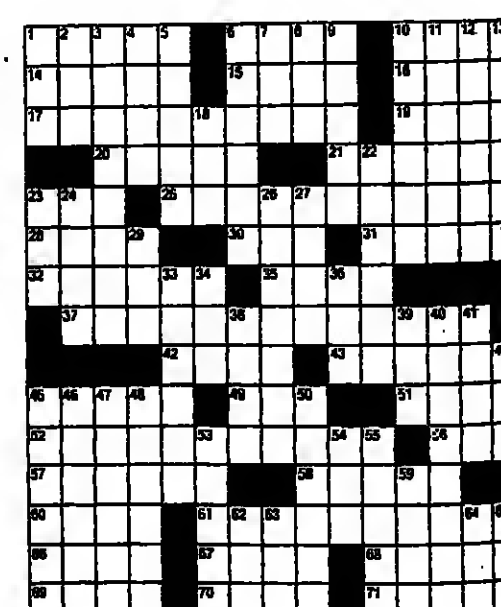
- 1 In — (stuck)
- 6 More than shocked
- 10 Comment made with a nod
- 14 You can kiss this person goodbye
- 18 Basso Pinza
- 19 Arabian sultanate
- 17 Like housework
- 19 Do some housework
- 20 "Siles Manner" novelist
- 21 Outdoor toy

DOWN

- 3 Pro
- 25 "Like a Rolling Stone," a.g.
- 26 Up front
- 27 Ending with Brooklyn or Canton
- 31 Genders
- 32 Tan, in a way
- 33 "See ya!"
- 37 They're hidden in 17-, 25-, 52- and 61-Across
- 42 Parisian mine
- 43 Singer Clark
- 46 Participant
- 48 Second Amendment defender: Abbr.
- 51 College major, for short
- 52 "Heroic Stanzas," for one
- 56 Significant
- 57 Texas city on the Rio Grande
- 58 Restless
- 60 — uproot
- 61 Devotee of a certain British brew
- 65 Storage places
- 67 Way to go
- 68 "The Sheik of —" (1920's song)
- 69 Fill up
- 70 Musical Home
- 71 Jittery

Solution to Puzzle of June 17

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EVER APLAT ROBO  
FANTASYFAIR ROBS  
UNSOILED NOFFEE  
BEE TOT GAIN  
BUREAUCRATS  
APERS GRE CLOP  
LENA MRES LALA  
BATS AGE MENDS  
CROSSDRESSER  
BIDE PAD JIF  
GETAT MANITOBA  
ALAN HAIRYCHEST  
BLIND ROMEO ALES  
SAGS SLEDS ISMO



Prepared by Alan Aronson

- 41 — eyed
- 44 Unmeasured amount
- 45 Reads between the lines?
- 46 Skulls
- 47 Autocrat
- 48 Hans Christian Andersen's birthplace
- 60 Major record label
- 63 Boris Pasternak declined one
- 64 Grand Central, a.g.: Abbr.

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WORLD CUP

# Ronaldo Starts Quest To Beat 13-Goal Tally

Brazil Breezes to 2d Round as Morocco Wilts

By George Vecsey  
New York Times Service

NANTES, France — Ronaldo keeps falling behind his quota of goals for this World Cup, but now it is official that he will have at least two more games in which to increase his output.

Quite ambitiously, in his statements before the World Cup began, the Brazilian star had aimed toward the World Cup record of 13, an admirable

pose and stripped him of the ball. Then Ronaldo evaded Youssef Rossi and slid a pass to Bebeto, who surely would have

"I believe we were disturbed by the ball movement by Brazil," said Michel, who was making a homecoming, having

By beating Michel, the Brazilians exorcised a bit of ancient history. In 1986, Michel was the coach of France in a victory over Brazil in the World Cup, when Zico, known for his cannonball

Start spreading the sand in front of Notre Dame for the artificial beach soccer field. As the winner of Group A, Brazil will play in the round of 16 in

But first the Brazilians must play Norway on Tuesday in the third game of this round, which has an impact on other teams, as Michel noted, "because

The Brazilians will not have their powerful defender, Cesar Sampaio, who picked up his second yellow card Tuesday night and must sit out the Norway

The Brazilians are always a good bet to score goals, any time, anywhere. And Ronaldo has his dedications to fulfill.



Jurgen Klinsmann, left, who is back in sparkling form after struggling last season, training with his Germany teammates in Nice on Wednesday.

# England Soccer Prodigy Awaits His Big Chance

By Steven Goff  
Washington Post Service

PARIS — Somewhere in the world, a soccer prodigy is born every year. There's usually an amazing story about a five-goal game and about offers from deep-pocketed European clubs. Compar-

Now along comes Michael Owen, who is 18. Even those who thought they knew better than to get caught in the hype of another can't-miss kid are be-

He is the youngest player to wear the colors of the English national team this century. Already under immense pressure to restore England's winning tradition after the team failed to qualify for the 1994 World Cup, Coach Glenn

At the moment, it doesn't appear Hoddle will make the bold move. Indications are that the coach will stick with the striking tandem of captain Alan Shearer and veteran Teddy Sheringham

In England's 2-0 opening victory over Tunisia on Monday in Marseille, Shearer scored the first goal and Sheringham played adequately before yielding to Owen for the final 15 minutes.

"I want to be in the starting 11," Owen said last week. "I wouldn't say I'm really confident. Teddy and Alan have proven very successful for England, but I still have a chance. I think I am ready. It has got to the stage now where I just want to get out there and show people what I can do."

He already has shown a lot. Owen is the all-time leading scorer in England's schoolboy leagues, having scored 97 goals in one season to surpass the previous record by an astonishing 27. Terry Owen, a former pro player with Everton, a Liverpool-based club which was, and is, in England's top division, realized his son was something special when, as a 6-year-old, he was playing in

the youth leagues around Hawarden, near the Wales border.

"We'd go and watch him play at the mini-club with boys who were a lot older than him," Terry Owen has said. "He'd put the ball in the corner of the net, side-footing it in, and I thought, 'Bloomin' heck, what have we got 'ere?'"

Soon, Michael Owen was selected for the under-18 national team and had joined nearby Liverpool. His first season with the club's top squad began last fall. His ambition was to play in 12 games and score a few times; instead, he

Said Sir Geoff Hurst, hero of England's only World Cup championship, in 1966: "His pace is electric and he frightens defenders."

Said Pele, who scored two goals in a World Cup final at 17: "Owen is ready for the World Cup. If he is good enough, he is old enough."

How young is he? Asked if he had any memories of England's run to the semifinals in the 1990 World Cup in Italy, Owen responded: "I don't have any. I was sent to bed before the matches started."

Owen has made seven appearances for the national team, debuting in February during a 2-0 loss to Chile at Wembley Stadium. Five minutes after entering, his right-footed blast just missed the target.

In the final stages of preparation for the World Cup, England defeated Morocco, 1-0. Owen scored — with a right-foot shot — making him the youngest player to do so for the national team. Hoddle heard the "Start Owen!" cries again.

"His development has been outstanding," Hoddle said. "He's a young player, and young players need time. Michael Owen has a bright future before him."

Owen's maturity and will to succeed are as impressive as his bursts through opposing defenses. Owen said that a striker must believe he can score because that is what he is there to do. "That's the way I am, and if I get the chance, I can cause problems and score against anybody."

# But There Are Other Great Strikers...

Washington Post Service

PARIS — Not since Maradona came along in 1982 has a World Cup debut been as anticipated as that of 21-year-old Ronaldo.

Ronaldo has the speed of Michael Johnson at least at a short distance, and the feet of Fred Astaire. Ronaldo weaves through traffic like a French taxi driver, eliminating defenders with a dip of a shoulder or quick turn. The ball it seems attached to his toe. Little wonder then that this World Cup was declared Ronaldo's long before the kickoff.

In two games against modest opposition, Scotland and Morocco, the shaven-headed, gap-toothed Ronaldo Luiz Nazario de Lima has matched his billing. He scored one goal and created another Tuesday against Morocco.

But Ronaldo is not the only striker in the world, although the attention he has gotten sometimes makes it seem so. It could be that Germany's Jurgen Klinsmann, Argentina's Gabriel Batistuta and Italy's Roberto Baggio might be tired of hearing about Ronaldo — and they are positioned, if they have great good fortune, to take the Cup away from him.

Alan Shearer of England, Marcelo Salas of Chile and Dennis Bergkamp of the Netherlands might share those feelings. But Shearer and Salas lack the supporting cast to challenge Brazil, while Bergkamp is hurt and the Dutch have been so star-crossed for so long they almost need a realignment of heavenly bodies to contend for the Cup.

Klinsmann, Batistuta and Baggio all have played major roles in World Cups, although Ronaldo, in addition to his natural talent, at least has been to the show even though he didn't get to perform. As a 17-year-old he observed

from Brazil's bench four years ago in the United States when Romario starred up front with Bebeto and Brazil won their unprecedented fourth Cup on a shootout against Italy. Baggio, who led the *Azzurri* to the last game, by then had been injured and played well below par.

Klinsmann and Germany won the Cup in Italy in 1990. But Klinsmann, 33, has been slowed by injuries and, people thought, age. He surprised with his play against the United States, displaying plenty of energy in his running. He set up one goal with a header and scored the other in the 2-0 victory.

He looked happy during the game, and after it when he said: "I felt great right away. I felt like taking the initiative, and I'm really glad I scored a goal. That goal was the culmination of all the hard work I put in over the last few weeks."

Batistuta possesses the ability to lead Argentina out from the shadow of Maradona, whose drug use speeded his decline. Batistuta scored for Argentina in its 1-0 opener against Japan, but Yutaka Akita, who marked him, claimed not to have been that impressed. "Batistuta did not move so much and he was not as crafty as I had expected," Akita said.

It was true that Argentina, the dark horse of this tournament, played only an average game against the World Cup newcomer and Batistuta never seemed likely to match his hat trick in Argentina's 1994 opener against Greece. As Batistuta said: "You have to win before anything else." He knows: The World Cup is a marathon. And Batistuta

gave every indication that he's ready to run it.

When Argentine writers pressed him as to which club he might play for next season, he changed the subject. He has something else on his mind, if taken at his word.

"It would be spectacular," he interjected, "if I could be the top scorer and win the World Cup with Argentina."

As for Baggio, he exudes the steadiness needed by Italy, sometimes shaky under pressure over the years. His is an attitude that comes with having almost reached the mountaintop.

"I'm calm and confident," Baggio said after scoring once to Salas's two goals in Italy's opening 2-2 draw with Chile.

Even though Salas scored once more against Austria on Wednesday, to date it's still Ronaldo's World Cup.

"He's beginning," said a Brazilian official after Ronaldo's game against Morocco. His goal came after he had been held scoreless in three internationals — a drought for him.

"Who knows, one day he may be remembered as the greatest footballer ever," said Mario Zagallo, the Brazil coach.

Watching Ronaldo suggests how hard it is for a goalkeeper to stop the likes of the great strikers. Although he never played against a Ronaldo or a Klinsmann or a Baggio, the Frenchman Albert Camus was a goalkeeper before he became a philosopher and writer.

"I learned that the ball never came to you where you expected it," he once said. "This helped me in life."

# South Africans Seek a First Against Danes

Compiled by Our Staff From Dispatches

Denmark vs. South Africa, Toulouse, 5:30 P.M. South Africa needs a lot of firsts to advance to the second round of its first World Cup, including a first victory over a European team.

The Africans were humbled, 3-0, by France in their World Cup debut while Denmark eased past Saudi Arabia, 1-0, to join France atop Group C. That means Denmark virtually ensures itself a second-round berth if it beats South Africa, which must win to retain a realistic hope of advancing.

The Danes are led by Manchester United's Peter Schmeichel, considered one of the world's best goalkeepers, and brothers Michael and Brian Laudrup.

Brian Laudrup said he expected South Africa to be "physical and aggressive."

"It's do or die for them," he said. "They will have to come out and play, which suits us perfectly because I think we are one of the best sides in the world on the counterattack."

South Africa is still looking for its

first World Cup goal, let alone a victory. Banned from international soccer for 28 years until 1992 because of apartheid, it has since been unable to defeat any European nation.

Striker Phil Masinga of South Africa may miss the match with an injured ankle, leaving the scoring onus on Benni McCarthy.

France vs. Saudi Arabia, Saint-Denis, 9:00 P.M. A defeat for the Saudis would almost certainly rule them out of the second round.

"It's a match where we could easily trip up," said Aime Jacquet, the French coach. "I expect the Saudi team to play it very tight bunched up in their own half but ready to make sudden breaks using the skill of their forwards."

France will miss starting forward Stephane Guivarc'h with a knee injury and is unlikely to field fellow striker David Trezeguet, still recovering from a minor ankle strain.

Carlos Alberto Parreira, the Saudi coach, said he was likely to field largely the same side that played against Denmark. (AP, Reuters)

## DENNIS THE MENACE



"HE'S JUST GOING THROUGH BASIC TRAINING."

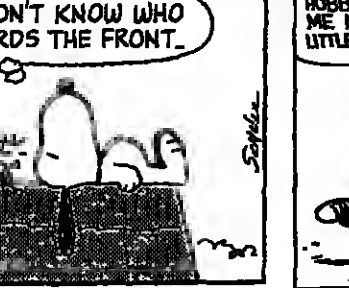
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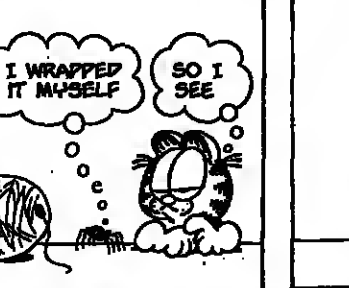
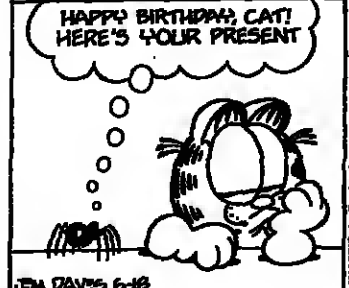
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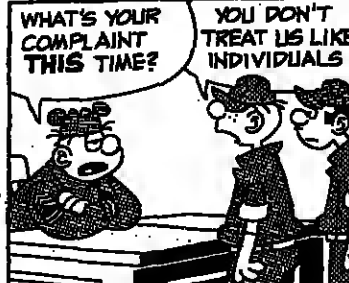
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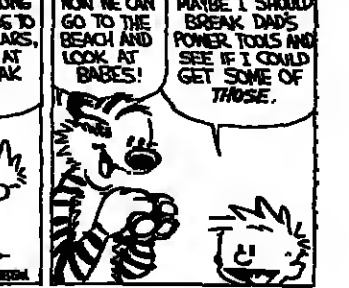
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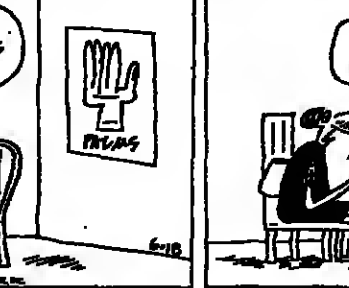
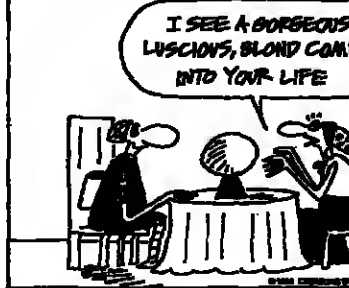
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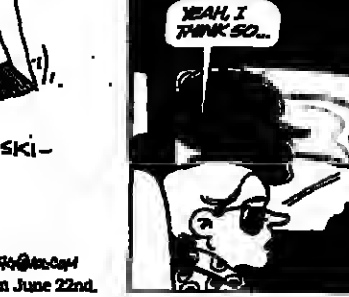
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## ART BUCHWALD

## Mergers and Crumpets

WASHINGTON — There is a lot more to recent mergers than meets the eye. Take Grove Corners Greased Lightning Co., the most successful greased lightning manufacturer in Kansas. It has been there for 100 years and employs 2,000 dedicated citizens of Grove Corners. Live-long Insurance Co. of Philadelphia has been looking for a company in the Midwest to invest in.

Its bankers, J.P. Heatsick & Co., recommends Greased Lightning, not because it is the best investment but because, if they can conclude the merger, Heatsick will get a

fee of \$300 million. Live-long offers \$4 billion to Greased Lightning (half in junk bonds and half in junk). Wall Street investors insist Greased Lightning should accept.

The deal is made, and Live-long announces that Greased Lightning is a perfect fit for an insurance company, though costs will have to be paid to pay for the merger. The first thing the new management announces is that 1,000 people will be downsized.

Half of Grove Corners is out of work.

In a few months, Live-long is purchased by Spritzel Hot Chocolate Co. of Zurich, which supplies all the candy bars to movie theaters in California, Texas and China.

When the Zurich brass study Live-long, they decide there are too many people working in Grove Corners, so they order the manager there to fire 1,950 people, leaving 50 in the factory.

Almost the entire town of Grove Corners is on welfare, but it's no sweat for Spritzel.

The final blow comes when the London hiecut company, Her Majesty's Crumpets, decides to take over Spritzel Hot Chocolate and merge it with Her Majesty's diesel engine division for \$10 billion.

## American Composer Wins New Honor

NEW YORK — Already the recipient of the gold medal for music from the National Institute of Arts and Letters, the National Medal of Arts and two Pulitzer Prizes, the composer Elliott Carter has received yet another honor.

The latest is the Prince Pierre Foundation Music Award, bestowed by the Principality of Monaco and carrying a prize of 100,000 French francs, about \$16,500.

Carter, who turns 90 in December, was given the award for his composition "Allegro Scorevole," commissioned by the Cleveland Orchestra, which gave it its premiere last year. The Prince Pierre foundation was created more than 30 years ago by Prince Rainier III in memory of his father.

## Welcome to Charleyville, a Princely Living Plan

By Warren Hoge  
New York Times Service

DORCHESTER, England — It was not the kind of headline that Prince Charles was used to in the British press. "The Prince Has Got It Right," trumpeted The Independent.

What prompted this hearty endorsement of someone the British seldom tire of tweaking was Poundbury, the new community springing to daring old life here. The planned town perfectly embodies the outspoken heir to the throne's views of modern architecture as owing a debt to the past.

Prince Charles's blunt expression of those attitudes in the 1980s started a public shouting match with the country's design establishment that attracted world attention. He taunted architects, saying that the Luftwaffe had treated London with more care than they had. They cast him as a feckless intruder into a refined world, with taste they classed as pedestrian, retrograde and fascist.

The crusading magazine he founded to advance his ideas, Perspectives on Architecture, folded in April, and the institute he created to instill students with more respect for tradition has had revolving-door leadership and minimal impact.

But here in the Dorset countryside, he may have hit on a way of redeeming his breath-taking claim that the country's architects were more out of touch with the desires of ordinary Britons than the future leader of the famously remote British monarchy was.

Poundbury is an attempt to create a 21st-century community that looks as if it grew up over time, with a long lineage in the 18th and 19th centuries when this rural part of southwestern England — with its stone villages, thatched white cottages and twisting lanes — inspired Thomas Hardy.

Its 400 acres (about 160 hectares) will one day be home to 5,000 people living in houses and cottages of period design with stores and offices all within walking distance.

It takes some imagination to visualize all this from the 12 acres that have been developed. With 142 tidy new homes up, less than a tenth of its planned population to animate its streets and recently planted trees in their gawky adolescence, Poundbury can still strike a visitor as the freshly carpentered blank lot for the latest big-budget clogs-and-shawls setting of "The Mayor of Castleridge."

Built on land that the prince's Duchy of Cornwall owns, and designed by Leon Krier,



A view of Poundbury in Dorchester, a planned town designed by Leon Krier.

an architect from Luxembourg who is a champion of traditional town planning, Poundbury is an ambitious project that is meant to change attitudes about building, housing mix, traffic, energy savings, parking, zoning and shopping.

With its first two sections nearing completion this summer, it is emerging as a pleasingly chockablock village of rusticated stonework homes, meandering streets, alleys and mews, and market arcades and public squares. Street lanterns with ornamental caps hang from metalwork struts on the sides of buildings or on gently curving masonry walls, casting Poundbury each evening in a soft play of light and shadow.

Poundbury was derided as a kitschy time warp using a sentimental pasodche of out-moded styles and toy-town concepts when plans first emerged in 1989. In answer to written questions from The New York Times, Prince Charles wrote that he remembered "a torrent of criticism and abuse that was beyond all belief and amounted, over the years, to a continuous stream of 'knocking' stories in the press."

But the town has recently begun to gain favor with the writers, designers, architects, planners and backpacking day-trippers who swarm over the project in growing numbers. Cabdrivers now affectionately call the destination Charleyville.

"Over all, the effect is polite, elegant and

as English as a vicar's tea party," the magazine Homes and Antiques said. A critic from The Financial Times wrote: "I arrived a skeptic. I left a convert."

In his response, which he penned in flowing red ink, Charles wrote that he thought opinion had swung around in the project's favor because "more and more people are going to look at Poundbury for themselves and finding it is completely different from the negative propaganda they have read about it."

Its residents have become its most vigorous advocates. "Try as hard as they can, the media cannot find many people in the local area to knock it," the prince wrote.

Paying particular attention to the one part of his architectural campaign that seems to be impressing people, he is a frequent and apparently welcome visitor.

"He just sat down there on the sofa, took his boots off and nattered on like anyone else," said Diane Bryant, whose husband, Peter, is the head of the Poundbury Residents' Association. "He wasn't patronizing at all."

The locals are even good-natured about the way all the visitors talk to them as if they were the stand-in blacksmiths and wig makers of Colonial Williamsburg. "I've been gardening, and people will walk up the path expecting us to be dressed in period costume, doing the Hardy hit," said Jennie Fellowes, a schoolteacher who lives in a rented cottage with her 11-year-old son. Her

home is one of 55 subsidized "social housing" units interspersed throughout the community; it is a source of pride here that these rental buildings are indistinguishable from the privately owned homes.

Andrew Hamilton, the development director, said: "Our principle from the start has been to pepper-pot the social housing, scattering it through the development. Builders said: 'We can't build private houses next to social housing. They won't sell.' But we have proved that this is not true."

At the moment all 142 homes are sold and, Hamilton said, resale value has increased as much as 20 percent in three years. Plot sizes range from 1,500 square feet to 80,000 square feet. Every house is designed by an architect, and cannot be the same as any other in the vicinity.

Architects must work in the "vernacular," which in the case of Dorset means Purbeck marble and Portland stone and a rich local vocabulary of brick, chalk, roof slate and stucco called "render." There can be no decorative tricks like half-timbering or gaudy ornamentation. The houses may look antique from the outside, but they have double-glazed windows, high-efficiency condensing boilers, extra insulation and computer-controlled energy-management systems to reduce fuel consumption.

All services — telephone, electricity, gas and drainage — are buried in channels behind the housing; one large satellite dish hidden behind a high masonry wall serves the community. All you will see protruding from a Poundbury roof is a stately brick chimney or a polished weather vane. Houses stand flush with the street so that when you step from your front door, you're already in town.

The cost of houses ranges from \$95,000 to \$300,000, but even the most expensive stick to modest dimensions. To maintain firm control over the quality of the finished product, the duchy does not sell the land to the builder until the construction is done and approved.

Asked whether he permitted himself to gloat over the welcome his once-derided project is now receiving, Charles made it clear that he was happy he hadn't followed an easier path. "If the duchy had sold the land to the highest bidder for several million pounds and then walked away to have a developer build yet another housing estate on the edge of yet another English town as happens elsewhere," he said, "would anyone have uttered a word of criticism?"

## PEOPLE

THE American Film Institute has announced the winners of a contest for the 100 best American films of all time. And the winner is... "Citizen Kane." Orson Welles's 1941 classic about the rise and fall of a media titan, made when Welles was only 25. The rest of the top 10 included, in order of ranking, "Casablanca," "The Godfather," "Gone With the Wind," "Lawrence of Arabia," "The Wizard of Oz," "The Graduate," "On the Waterfront," "Schindler's List" and "Singin' in the Rain." The 100 were chosen from a pool of 400 finalists selected by the institute. Ballots were then sent to 1,500 representatives of the film world, among them screenwriters, directors and critics. The institute established the contest to promote the first 100 years of American filmmaking. The criteria for winning included historical significance, critical recognition and popularity as measured by box office, syndication, video sale and rental figures. Although some of the films are actually British, the institute said they were considered American if there was significant creative and/or financial input from the United States.

The general director of the Spoleto Festival U.S.A. has been named the director of the Lincoln Center Festival on the eve of the summer program's third season. The new director, Nigel Redden, 47, who served as executive producer of the Lincoln Center Festival in 1995 and has been running it since January, replaced John Rockwell, who left to return to The New York Times as editor of the Arts and Leisure section. The appointment places Red-

den at the helm of two of the leading American arts festivals. He will remain as general director of the Spoleto Festival in Charleston, South Carolina.

Yoko Ono says she's simply paying a karmic debt by promoting the artwork of John Lennon. Ono has created a touring exhibition of her late husband's drawings. "He used to promote my work like crazy, and now I can do the

same for him," she said. The exhibition consists of more than 100 pieces, including self-portraits. Some critics describe the work as mere doodling. But Lennon's work has remained popular with his fans. Paul Jilison, director of the tour, said he expected 12,000 people to see the show this week at a mall in California.

Elvis Presley wanted to visit the FBI 28 years ago, hot J. Edgar Hoover got some advice from an underling: Presley's "oot the type of individual whom the director would want to meet." Memos concerning Presley's FBI visit have been posted on the FBI's Web page on the Internet. They show that Hoover took the advice, but may have regretted it. "It is noted at the present time he is wearing his hair down to his shoulders and indulges in the wearing of all sorts of exotic dress," an FBI official, M.A. Jones, wrote in advising against a Hoover handshake with the king of rock 'n' roll. "I concur," Hoover wrote on the bottom of the page.



Everett Sloane, left, Orson Welles and Joseph Cotten in "Citizen Kane."

## Hammer Falls on Newton's Work on Gravity

The Associated Press

NEW YORK — A first edition of the revolutionary text in which Sir Isaac Newton outlined his theories of gravity and motion has sold for \$321,500 at Christie's, more than triple what the auction house had estimated.

Newton's 1687 work "The Mathematical Principles of Natural Philosophy" went to an unidentified buyer from Europe on Tuesday night. The book outlines Newton's theories of the universe — including his belief that all bodies in space are affected by gravity. It was one of about 3,000 auctioned from the collection of Haskell Norman, a San Francisco psychiatrist who died in 1996.

Albert Einstein called the work "perhaps the greatest intellectual stride that has ever been granted to any man to make."



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